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GOVERNMENT AND ADMINISTRATION

Parliament

PARTY REPRESENTATION IN THE HOUSE OF COMMONS

The representation of parties in the House of Commons following a by-election in Thurrock and the resignation of the Labour whip by two Scottish members is described below.

By-election

In the by-election at Thurrock on 15 July, the Labour Party retained the seat with a majority of 4,839.

Some 54 per cent of the electorate voted in the sixth by-election to be held since the present Parliament was elected on 10 October 1974. The vacancy was caused by the death of the sitting member, Mr Hugh Delargy.

The result was:

Dr Oonagh Macdonald (Labour)	22,191
Mr Percy Lomax (Conservative)	17,352
Mr Anthony Charlton (Liberal)	5,977
Mr John Roberts (National Front)	3,255
Mr Frank Hansford-Miller (English National)	187
Mr Peter Bishop (World Grid Sunshine Room Party)	72

Scottish Labour Party

Two Labour members, Mr James Sillars (MP for Ayrshire South) and Mr John Robertson (Paisley) announced on 26 July that they would no longer accept the Labour whip in the House of Commons. They indicated that the Scottish Labour Party (SLP) would act as an independent party within Parliament.

The SLP was formed in January 1976 by Scottish members of the Labour Party who were dissatisfied with the Government's proposals for devolution to Scotland. Mr Sillars and Mr Robertson became members of the SLP – the only members of Parliament to do so – while retaining the Labour whip in the House of Commons.

In a statement, the two MPs indicated that their resignation was occasioned by the Government's recent public expenditure cuts (see p 326).

Strength of the Parties

Following the by-election and the formation of the parliamentary Scottish Labour Party, representation in the House of Commons is as follows:

Labour	313
Conservative	276
Liberal	13
Scottish National	11
United Ulster Unionists	10
Plaid Cymru (Welsh National)	3
Scottish Labour	2
English National	1
Social Democratic and Labour (Northern Ireland)	1
Independent (Northern Ireland)	1
TOTAL	631

In addition there are the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means). They do not speak or vote in the House of Commons except in their official capacities.

MEMBERS' PAY AND ALLOWANCES

The salary and allowances of members of the House of Commons have been increased in accordance with the Government's current pay policy.

With effect from 13 June, the annual salary of a member of Parliament has been increased by £312 a year (£6 a week), from £5,750 to £6,062, provided that his total earnings do not exceed £8,500. All members of the Cabinet and most other Government ministers have therefore forgone the increase.

The Lord President of the Council and Leader of the House of Commons, Mr Michael Foot, told MPs on 23 July, when the increases were approved (*Hansard*, cols 2243-5), that the Government was 'seeking to apply the pay policy to members of Parliament just as it applies to everyone else'. Members' salaries were last increased in June 1975 (see pp 303-4, 1975).

The increase will be paid provided that an MP's income from all sources – parliamentary, as well as from directorships, professional fees, sponsorships and other payments – does not exceed £8,500. In borderline cases, the increase will be reduced so that total earnings do not rise above the £8,500 limit. For all MPs, the salary on which pensions are calculated remains at £8,000.

Because of the £8,500 limit, most Government ministers are not entitled to the increase.[1] However,

[1]Ministerial salaries range from £5,500 a year for junior ministers and £7,500 to £9,500 for more senior ministers to £13,000 for Cabinet ministers. The Prime Minister receives £20,000 a year. The Prime Minister and ministers in the House of Commons also receive parliamentary salaries of £3,000 (£3,700 for non-Cabinet ministers) and certain allowances paid to all members of the House).

the parliamentary salaries of Officers of the Queen's Household and of Assistant Government or Opposition Whips have been increased from £3,700 to £4,012. (This is in addition to their office holder's salary of £4,000.) A number of office holders in the House of Lords have also received the £312 increase, subject to the same conditions relating to the £8,500 annual limit.

The secretarial allowance payable to MPs is being increased by £6 a week, from £3,200 to £3,512 from 1 April 1977.

In an earlier statement to the House of Commons on 12 July (*Hansard*, cols 32-9), Mr Foot indicated that recommendations relating to ministerial salaries in the second part of a report by the Review Body on Top Salaries[1] (see p 303, 1975) could not be put into effect. The report, which was published on 29 July, proposes salary increases for the Prime Minister, other ministers and the Leader of the Opposition. It also includes recommendations on MPs' allowances, facilities and pensions.

Mr Foot told MPs: 'These recommendations cannot be implemented under the current incomes policy. The Government do not propose to take any further action until incomes policy permits.'

ELECTION OF LIBERAL PARTY LEADER

Mr David Steel was elected leader of the Liberal Party on 7 July under a new election procedure in which party members throughout Britain took part. Previously the leader was elected by Liberal members of Parliament.

Mr Steel, since 1965 member of Parliament for Roxburgh, Selkirk and Peebles, obtained a majority of 5,509 votes over the other contender, Mr John Pardoe, MP for Cornwall North, from an electoral college representing all Liberal constituency associations. Mr Steel received 12,541 votes to Mr Pardoe's 7,032.

The new election procedure, in which the votes of constituency associations are weighted according to the strength of local electoral support for the party and cast in order of the preferences of party members, was agreed by a special Liberal Assembly held on 12 June in Manchester.

Mr Steel replaces Mr Jo Grimond as Liberal leader. Mr Grimond took over the leadership on a temporary basis following the resignation of Mr Jeremy Thorpe (see p 264).

Northern Ireland

Recent events concerning Northern Ireland summarised below include legislation for the renewal of direct rule; talks between the Ulster Unionist Party (UUP) and the Social Democratic and Labour Party (SDLP); House of Commons debates on security and on legislation for the renewal of emergency powers; the bringing into operation of the Criminal Jurisdiction Act; a visit to the Province by the Prime Minister; and the approval of legislation to establish a Northern Ireland Civil Service Department and to make unlawful certain forms of sex discrimination. In the Irish Republic the British ambassador was murdered in a bomb attack.

RENEWAL OF DIRECT RULE

The Northern Ireland Act 1974 (Interim Period Extension) Order 1976, which renews the period of direct rule for a further year from 16 July, was approved in the House of Commons on 2 July. Moving the Order (*Hansard*, col 808) the Secretary of State for Northern Ireland, Mr Merlyn Rees, said that at present there was no alternative to continuing direct rule but he reaffirmed that the Government's long-term aim was a devolved system of government in Northern Ireland which would enjoy widespread support across the community. Mr Rees referred to certain procedural changes that would provide greater opportunity for debate on Northern Ireland matters in the House of Commons and said that the Government accepted in principle the suggestion that Bills for Great Britain should more frequently in future apply to Northern Ireland also. The Government would be considering the need for legislation to bring Northern Ireland law more closely into harmony with laws in other parts of the country. On the question of Northern Ireland's representation in Parliament, Mr Rees said he accepted that the Province was under-represented but said that the matter 'must be considered in the context of the wider issues of the future Government of Northern Ireland'.

TALKS BETWEEN THE UUP AND THE SDLP

Following private talks between representatives of the Ulster Unionist Party and the Social Democratic and Labour Party on the way to bring a devolved government to Northern Ireland, a joint statement was issued on 22 July which referred to 'wide areas of agreement, including the fact that a local administration is necessary for Northern Ireland and that its people be fully represented in all the democratic forums'. The parties agreed that the devolved Parliament should have greater powers than the Northern Ireland Assembly but deep differences of view remained on the method of forming the executive. The statement said that the parties realised that such dialogue represented the only way out of the serious problems facing Northern Ireland and that they were pledged to pursue the path of constitutional politics.

SECURITY

In the course of a debate in the House of Commons on security in Northern Ireland, the Secretary of State for Northern Ireland spoke about the achievements of the security forces and reiterated the Government's policy for working towards the rule of law (*Hansard*, 14.6.76, cols 37-100). Mr Rees said that the Provisional IRA had engaged in a campaign of murder against the security forces resulting in the deaths of 15 members of the Royal Ulster Constabulary (RUC), five members of the army and

[1] *Review Body on Top Salaries, Report No. 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II.* Cmnd 6574. HMSO, 95p. ISBN 0 10 165740 4.

seven members of the Ulster Defence Regiment since the beginning of 1976. Members of the security forces, especially policemen, had been shot because of the growing success of the RUC in securing convictions before the courts. So far this year 129 civilians had died at the hands of terrorists. Against this background of violence, between the beginning of the year and the end of May 1976, 497 people had been charged with serious terrorist-type offences, including 47 for murder, 38 for attempted murder, 142 for firearms offences and 93 for explosives offences.[1] Up to the end of May, 402 people had been convicted of serious offences, 31 of them for murder. Some 1,300 persons convicted and serving prison sentences were serving more than four years; this represented two-thirds of the prison population. Life sentences were being served by 161 persons. So far this year 26,265lb of explosives had been recovered or neutralised compared with 22,724lb for the whole of 1975. Mr Rees reminded the House that the last detainee was released in December 1975 and that special category status had been abolished for crimes committed after 1 March 1976 (see p 143). The ending of detention had been the biggest step in reducing support for para-military activities over the past year and at the same time the ending of special category status had been recognised as a significant contribution in restoring the rule of law.

The army still had a vital role in providing a framework of security within which the police could operate, said Mr Rees, and given the existing level and pattern of violence the continued presence of regular forces in substantial numbers in support of the police was clearly essential. The army was at present employed in the Province in the same strength as throughout 1975. In order to secure the greater effectiveness of the police in enforcing the law a significant reorganisation of the RUC was in hand. Three regional crime squads were being formed which would be closely co-ordinated with the army and would use the latest and best-equipped vehicles and communications equipment. Special emphasis would be laid on units both at headquarters and in support of the regional crime squads to collate resources and intelligence to gain convictions. In addition, greater use was being made of specialised units dealing with forensic and similar technical work. Mr Rees emphasised that no para-military role was envisaged for the police in this reorganisation.

Renewal of Emergency Powers

The renewal of emergency powers by means of the Northern Ireland (Various Emergency Provisions) (Continuance) Order 1976 was approved in the House of Commons on 2 July (*Hansard*, cols 879-923). In moving the Order, the Secretary of State for Northern Ireland said that violence was currently high with an upsurge in recent months of bomb attacks on commercial property and of murderous assaults on the security forces. Nevertheless, the situation was changing. There was at present less organised street violence than formerly and the number of shooting incidents remained at the lower level established during 1975. The activity of the security forces had become more intense to meet the terrorist threat. Mr Rees outlined the present range of emergency provisions covered by the Order. The Northern Ireland (Emergency Provisions) Act 1973 (see p 200, 1973) contained the powers essential for the security forces in the present emergency, special provisions for trials, including the procedure for a single judge without a jury to try scheduled offences, and the powers of proscription. The Northern Ireland (Emergency Provisions) (Amendment) Act 1975 (see p 256, 1975) clarified and extended certain powers of the security forces and provided for a system of detention which placed the sole responsibility for making detention orders on the Secretary of State. The Northern Ireland (Young Persons) Act 1974 (see p 304, 1974) enabled the Secretary of State to direct that a young person, during the period of remand or committal, should be placed in custody if this was considered necessary in order to prevent his escape or to secure his safety or that of others.

[1]In reply to a question in the House of Commons on 29 July the Secretary of State for Northern Ireland said that so far this year 659 people had been charged with terrorist crime, including 55 with murder and 57 with attempted murder (*Hansard*, col 860).

CRIMINAL JURISDICTION ACT

The Criminal Jurisdiction Act 1975 (see p 88, 1975) which empowers courts in Northern Ireland to try persons accused of committing terrorist offences in the Irish Republic was brought fully into operation on 1 June when reciprocal legislation for the Irish Republic came into force. The latter legislation also makes it possible for persons charged with causing explosions in Great Britain to be tried in the Irish Republic.

PRIME MINISTER'S VISIT TO NORTHERN IRELAND

Mr James Callaghan made his first visit to Northern Ireland as Prime Minister on 5 July during the course of which he made a tour of Belfast and addressed social and community workers, public authority employees and members of the security forces at a luncheon at Stormont Castle. Mr Callaghan said that those whose knowledge of the Province was derived solely from the media had an image of a country laid waste, ravaged by conflict, preoccupied with it to the exclusion of anything else. To go there was to know that this was not so. Northern Ireland would not cease to be part of the United Kingdom unless it was the clear wish of the majority that the links should be severed. In the absence of agreement on a devolved government Northern Ireland was in a state of direct rule. The Government was responsible for Northern Ireland as for all other parts of the United Kingdom. The Government was determined to do everything possible to bring violence to an end; the army would remain in strength so long as this was necessary to assist the police in maintaining law and order and in bringing terrorists before the courts. Referring to the economy, Mr Callaghan said that, because of its geographical position and its lack of natural resources, Northern Ireland was more vulnerable to economic pressures than other parts of the United Kingdom. While the Government would do everything in its power to reduce unemployment, recovery

might be slower in the Province than in the rest of the United Kingdom.

NORTHERN IRELAND CIVIL SERVICE DEPARTMENT

A new Department of the Northern Ireland Civil Service is being created under the Department of the Civil Service (Northern Ireland) Order 1976 which was approved in the House of Commons on 23 July (*Hansard*, cols 2428-35). Previously the management and control of the Northern Ireland Civil Service was vested in the Department of Finance through its Civil Service management division.

SEX EQUALITY

The Sex Discrimination (Northern Ireland) Order 1976 was approved in the House of Commons on 24 May. The Order follows closely the Sex Discrimination Act 1975 which applies to Great Britain (see p 498, 1975), makes certain forms of sex discrimination unlawful and establishes an Equal Opportunities Commission for Northern Ireland.

IRISH REPUBLIC: MURDER OF BRITISH AMBASSADOR

Mr Christopher Ewart-Biggs, Britain's ambassador to the Irish Republic, and Miss Judith Cook, a private secretary in the Northern Ireland Office, were killed when a bomb exploded under the envoy's car near his Dublin residence on 21 July. Mr Brian Cubbon, an official in the Northern Ireland Office, and Mr O'Driscoll, the ambassador's chauffeur, were seriously injured. The news was given to the House of Commons by the Prime Minister and tributes were paid to Mr Ewart-Biggs by members of all the main political parties (*Hansard*, 21.7.76, cols 1799-806). Speaking at a memorial service in Dublin on 28 July, Dr Garret FitzGerald, the Irish Minister for Foreign Affairs, said 'No doubt the perpetrators calculated, with their unfailing lack of insight or understanding, that Anglo-Irish relations would be severely weakened, perhaps permanently damaged, by such an atrocity. That the opposite has been the case is now evident to all. Our two peoples, whose pasts have been so closely linked for ill and good throughout eight centuries, have confounded our common enemy by responding to this tragedy with a deepened sense of our close interdependence, and of our common interest in combating violence and averting anarchy.'

It was subsequently reported that the Government of the Irish Republic was proposing to strengthen the legislation against terrorist activities.

Conduct in Public Life

New measures to discourage corruption in public bodies and improved procedures for investigating suspected corrupt practices are recommended in the report of the Royal Commission on Standards of Conduct in Public Life, published on 15 July.[1]

The commission, under the chairmanship of Lord Salmon, emphasises that it has received 'no evidence to give [it] concern about the integrity and sense of public duty of our bureaucracy as a whole, or to suggest that it is common for members of the public to offer bribes to officials of any rank as an inducement to grant a favour or to expedite claims or applications in the day-to-day administration of central and local government, or for officials to solicit bribes'. But it notes that there is no room for complacency, and that steps should be taken to reduce 'the significant minority [which] does not measure up to acceptable standards'.

The commission, established in July 1974 (see p 250, 1974), examined central and local government, and matters relating to Parliament, political parties, the National Health Service and nationalised industries.

Recommendations in the report are intended to discourage corruption, make it less difficult for anyone who suspects corruption to get a hearing, and increase the likelihood that well-founded suspicions will result in prompt remedial action. Among suggested improvements are a new Act to amend and consolidate the existing Prevention of Corruption Acts, strengthened police investigatory powers, the establishment by the police of a central intelligence index on corruption, and the extension of the criminal law to cover malpractices by, or in relation to, members of Parliament.

The Prime Minister, Mr James Callaghan, said in a House of Commons written answer (*Hansard*, 15.7.76, cols 236-7) that the Government would give careful consideration to the report's recommendations and would make a statement in due course.

RECOMMENDATIONS

Law on Corruption

The commission notes that the three Prevention of Corruption Acts enacted between 1889 and 1916, as they apply to the public sector, contain a number of anomalies and inconsistencies which should be removed by the consolidation of the legislation into one new Act. The Act would meet a number of requirements. It should impose the burden of proof on the defence in all cases in which money or money's worth has been exchanged between a public servant and an interested party, and lay down a maximum penalty of seven years' imprisonment and an unlimited fine for conviction on indictment. Conviction would automatically disqualify the offender from election or appointment to membership of a public body, and from election to Parliament, unless the trial court stated its reasons to the contrary.

The Act would also make it an offence for a member or employee of a public body corruptly to use for his own or another's advantage information obtained by virtue of his official position.

The commission considers that the new legislation should enable the Director of Public Prosecutions, on proof of reasonable grounds for suspecting a

[1] Cmnd 6524. HMSO, £2·50. ISBN 0 10 165240 2.

corrupt act, to apply to a High Court judge for an order authorising the police to inspect, before criminal proceedings are started, the financial records, including information in the hands of the Inland Revenue, of persons or organisations. (There would be a corresponding procedure in Scotland.) The powers would include the power to search the suspect's home and business premises.

Noting that this recommendation was also made by the Committee on Local Government Rules of Conduct (the Redcliffe-Maud Committee – see p 206, 1974) the commission points out that 'Under the present law the police may be unable to take effective action even in cases where the existence of bribery is strongly suspected from the very nature of the decisions taken by public organisations, especially when connections are suspected to exist between members or officers of the organisations and the beneficiaries of the decisions. A prosecution cannot be mounted merely on suspicion, however strong, that bribery must have occurred. The burden on the prosecution authorities is to produce clear evidence of the bribe itself. We are in no doubt that the powers needed to obtain such evidence need to be increased.'

Investigation Procedure

The commission considers the arguments in favour of setting up various kinds of anti-corruption agencies, but rejects them all. Instead, it recommends improved administrative arrangements within the existing framework of police organisation. It proposes that a person suspecting public sector corruption should have direct access to the deputy chief constable of his local police force, who would be obliged to report all such corruption allegations to the regional inspector of constabulary and to the Metropolitan and City Police Company Fraud Branch. Members of the public would have the alternative of presenting allegations direct to the regional inspector of constabulary or the Chief Inspector of Constabulary at the Home Office.

A central body responsible for collating, evaluating and co-ordinating intelligence about corruption received from all sources should be set up by the Metropolitan and City Police Company Fraud Branch, the committee recommends. (It notes that adaptations of these procedures and of certain other recommendations would be required for Scotland.)

The report says that its proposals for new review prodecures 'would ensure that no member of the public need harbour any suspicion that police forces could neglect or suppress allegations of corruption in respect of powerful local figures, and they would provide an alternative avenue of complaint for people who were unwilling to make a direct approach to their local force. They would ensure that a complainant who does approach his local force would be assured of the opportunity of discussing his suspicions with a senior officer if he so desired. They would establish a central intelligence unit in which all information on corruption coming into the hands of the police would be collated and assessed.'

Conflicts of Interest

The commission agrees with the Redcliffe-Maud Committee that the law on disclosures of interest by local councillors should be strengthened, with an increase in the maximum penalty for failure to disclose a pecuniary interest to two years' imprisonment and an unlimited fine (compared with the present maximum of a fine of £200). It does not consider, however, that this criminal offence should apply to anyone other than local councillors and members of bodies closely associated with local government. The present statutory requirement about disclosure of interests by local government employees, it argues, should be repealed, since it has no parallel in other fields of public sector employment, and its provisions are in any case defective. Instead, effective disciplinary measures should be introduced by local authorities; and in nationalised industries, the National Health Service and other public bodies the relevant Government departments should ensure that adequate staff rules on pecuniary interests are operative. (Two members of the commission, Miss Margaret Herbison and Sir Melvyn Rosser, however, consider that the statutory obligation to declare pecuniary interests should be extended to all members and employees of public bodies.)

The commission expresses doubts as to the effectiveness of registers of interest as methods of preventing corruption, and it recommends that registers should not be established for public sector employees, or for the members of most public bodies. It considers, however, that in the case of local councillors a compulsory statutory register should be introduced on the lines of the register of interests of members of the House of Commons (see p 7, 1975). 'Local authorities are different from all the other bodies we have examined', maintains the commission, 'in that their members are elected and cannot be removed from office by any appointing authority. We think that registers of interest have a part to play in our popularly elected institutions and that the electorate can reasonably expect to be told the general background of those who represent them.'

The commission considers that maximum openness in explaining decisions to the public is a safeguard against malpractice. It notes that under present legislation the public are admitted to any meeting of a local authority or its committees unless the meeting resolves to exclude the public because of the confidential nature of the business to be transacted or for other special reasons stated in the resolution. It points out, however, that although the minutes of full council meetings have for many years been open for inspection by the authority's electorate, there is no similar requirement in the case of the minutes of committee meetings. The commission recommends the introduction of legislation to enforce this requirement, as 'this would assist the public and press in, for example, keeping track of decisions made under delegated authority'.

Parliament

The commission notes that neither statutory nor common law applies to the bribery or attempted bribery of a member of Parliament in respect of his parliamentary activities. Parliament itself defines and enforces its own privileges, and both Houses are

responsible for the regulation of the conduct of their members. The commission nevertheless considers that criminal law sanctions against bribery in other fields have outstripped sanctions that may be exerted through Parliament's own powers of investigation and punishment. It emphasises that 'Membership of Parliament is a great honour and carries with it a special duty to maintain the highest standards of probity, and this duty has almost invariably been strictly observed. Nevertheless, in view of our report as a whole . . . we recommend that Parliament should consider bringing corruption, bribery and attempted bribery of a member of Parliament acting in his parliamentary capacity within the ambit of the criminal law.'

Political Parties

The report recommends that national political parties should ensure that there are proper arrangements for dealing with complaints from their members about conduct in party groups in local government. It also proposes that local party groups should suspend a local councillor of the same party charged with a criminal offence of dishonesty in connection with his public office from membership of any committee or sub-committee until the disposal of the charge. The report recommends that local party groups take action to ensure that their members do not hold local authority committee chairmanships for long periods.

EXTERNAL AFFAIRS AND DEFENCE

Royal Visit to North America

The Queen, accompanied by the Duke of Edinburgh, paid a state visit to the United States from 6 to 11 July, as part of the British participation in the celebration of the Bicentennial – the two-hundredth anniversary of the United States Declaration of Independence.[1] They subsequently paid a two-week visit to Canada where the Queen opened the Olympic Games in Montreal.

STATE VISIT TO THE UNITED STATES

Opening the state visit on 6 July in Philadelphia – the city where American independence was first declared – the Queen, on behalf of the people of Britain, presented the people of the United States with a bicentennial bell cast in London by the Whitechapel foundry which supplied the original Liberty Bell in 1752. In presenting the bell the Queen stated that the founders of the United States had 'taught Britain a very valuable lesson'. 'We lost the American colonies', she said, 'because we lacked that statesmanship "to know the right time and the manner of yielding what is impossible to keep"'.' Speaking of the American Declaration of Independence, she added: 'Without that great act in the cause of liberty performed . . . 200 years ago, we could never have transformed an empire into a Commonwealth'.

The Queen went on to praise the Anglo-American alliance, particularly its common defence of freedom in this century. Referring to the inscription on the new bell, she said that the proclamation 'Let freedom ring' should be the message 'heard around the world for centuries to come'.

Later on the same day the Queen held a reception for the governors of the American states on board the royal yacht *Britannia* on which the royal couple had sailed to Philadelphia from Bermuda.

Visit to Washington

During a two-day visit to the American capital the Queen was received at the White House by President Ford, who gave a state banquet for her on 7 July; she also attended a luncheon given in her honour on 8 July at the Capitol by Vice-President Nelson Rockefeller, in his capacity as president of the Senate, and Mr Carl Albert, speaker of the House of Representatives.

[1]See *United States Bicentennial—the British Contribution*. COI, Factel No 664.

Welcoming the Queen to the White House, President Ford said that Britain was one of the United States' 'truest allies and best friends'. In her reply the Queen said that the two peoples were as close today as two peoples had ever been. She continued: 'We see you as our strong and trusted friend, and we believe that you, in turn, will find us as ready as ever to bear our full share in defending the values in which we both believe. That is why we are so happy to be here.'

Speech at the White House

In her speech at the state banquet the Queen quoted the words addressed in 1785 by her ancestor, King George III, to America's first envoy to Britain, John Adams, who was paying his first call on the King: 'I was the last man in the kingdom to consent to the separation: but the separation having been made, I have always said, as I say now, that I would be the first to meet the friendship of the United States as an independent power.' After referring to the hostilities which followed the American Declaration of Independence, the Queen said: 'But these early quarrels are long buried. What is more important is that our shared language, traditions and history have given us a common vision of what is right and just. Both our peoples believe in the worth of the individual and the family, in freedom of religion and expression and in the right to change a government by the ballot box rather than the gun. Perhaps the best definition of democracy I That is why, time and time again, in the testing days of war and the constructive years of peace, we have stood together on the things that matter.

'The world has changed a great deal since that declaration was signed in Independence Hall 200 years ago. Over the generations the British people have watched with admiration, and I can say with pride, how you, with ingenuity and resource, first peopled and settled a continent, and then undertook a world role which has brought great and lasting benefits to humanity.

'Britain, too, has undergone many changes. The British Empire with imagination and good will has been transformed into a Commonwealth of Nations, and in this age when the relationship between the developed and the developing countries is a central issue, I have no doubt that this Commonwealth link of friendship and understanding is of true value.

'And at home, in recent years, Britain has sought to ensure that everyone has the opportunity for self-fulfilment and a real stake in the future development and prosperity of the country. She is a country much

concerned about things that matter, the creation of the necessary wealth to support an environment, the education of the young, the care of the elderly and the sick.

'While maintaining the closest links with the Commonwealth and the United States, Britain has become a member of the European Community and this gives us yet another opportunity to work through a wider grouping for the benefit of all.'

Having stressed the need for far-sightedness and adaptability, the Queen said: 'But we must never lose sight of our basic values, nor underrate the worth of what we know to be certain. And one thing is certain, and that is the strength and permanence of Anglo-American friendship. It has grown and prospered down the years, it has brought with it benefits beyond measure to our peoples. May it long continue to flourish for the sake of both our countries and for the greater good of mankind.'

Visit to the Capitol

During the Capitol luncheon Mr Rockefeller told the Queen that her visit was a 'joyous celebration of British-American friendship', while Mr Albert remarked Lafayette [the French hero of the American War of Independence] had been the only person to address the Congress in the Statuary Hall. 'We are honoured', said Mr Albert, 'that you will be the second, the first Queen, the first woman, and the first from the mother country.' The Queen said in her speech that both Britain and America were able to follow 'the paths of variety and change' which could be traced back to freedoms first granted by Magna Carta in 1215 – in particular the doctrine that power should not lie with any one person. She then referred to the fact that the oldest known transcript of that document had been sent on loan from Britain and was on display in the Capitol's Rotunda. [The document, which was accompanied by a gift of a showcase specially made by British craftsmen, will be replaced eventually by a gold replica.] America, said the Queen, 'holds a special place in British hearts and affections and so it will ever be'.

In the evening the Queen gave a banquet for President Ford at the British Embassy.

Visit to New York

On the following day – 9 July – the royal couple visited New York, of which the Queen was formally made citizen by the Mayor, Mr Abraham Beame. In his speech Mr Beame remarked that Americans had come from almost every nation of the world but their deepest roots lay in England, and declared: 'our democracy owes its largest debt to English common law'.

Later, at a luncheon given by the Pilgrims and the English-speaking Union, the Queen spoke of the great changes in Britain since her last American visit in 1957. 'Some things, however,' she said, 'have not changed: the strength of character and good sense of the people, their sturdy belief in the rule of law, their concern for social justice and, above all, their instinct for moderation. Another thing that has not changed is the warmth and friendliness of the British people towards the United States.'

Visits to Virginia and Boston

On 10 July the royal couple visited Charlottesville, Virginia, where the Queen, responding to a speech by the state Governor, paid tribute to the most famous Virginian, George Washington. The visit to the United States ended on 11 July in Boston, the city in which the American War of Independence started. In her final speech the Queen said that, although the American patriots who had led their nation in that war would have been extremely surprised if they could have known about her visit and the kind and generous words with which she had been greeted, they would perhaps also have been 'pleased to know that eventually we came together again as free peoples and friends, and defended together the very ideals for which the American revolution was fought'.

VISIT TO CANADA

The royal visit to Canada began in Halifax, Nova Scotia, on 13 July, after the Queen and the Duke of Edinburgh had sailed there from Boston in the royal yacht *Britannia*. They were welcomed by the Governor-General of Canada, Mr Jules Léger, and the Prime Minister, Mr Pierre Trudeau. In a speech at Fredericton, New Brunswick, on 16 July, the Queen pointed out that it had been shown in Canada 'that people from different cultural traditions and speaking two different languages can live together and share the same political institutions'.

On 17 July the Queen opened the Olympic Games in Montreal. Speaking at a dinner given in her honour by Mr Trudeau in Montreal on 24 July, the Queen said that differences between French and English Canadians could provide 'a stimulant to joint enrichment and the creative pursuit of mutual understanding'.

The Queen left Montreal for Britain on 26 July but the Duke of Edinburgh, in his capacity as President of the International Equestrian Federation, remained in Canada until the end of the Olympic Games.

European Community

During July the heads of Government of the Community countries agreed on the distribution of seats in a directly elected Assembly, while the Council of Ministers accepted the principle of 200-mile fishing zones and took some measures to alleviate the effects of drought on agriculture. Negotiations were opened for the accession of Greece to the Community, the ACP-EEC Council of Ministers held its first meeting, and an agreement with Canada was signed. These and other developments, including more decisions by the heads of Government and the Council of Ministers, are described in the following pages.

EUROPEAN COUNCIL

Agreement on the total number of seats in a directly elected European Assembly and their distribution among member states (see p 152) was reached by

Community heads of Government at a meeting of the European Council held in Brussels on 12 and 13 July. Progress was also made at the meeting on the problems of fisheries and of international terrorism. In a statement in the House of Commons announcing these developments (*Hansard*, 14.7.76, cols 651-61) the Prime Minister, Mr James Callaghan, also said that the heads of Government had welcomed the British Government's intention to nominate the British Home Secretary, Mr Roy Jenkins, to be a member of the European Commission, and made clear their intention to support his appointment in due course as President of the Commission under the procedure laid down in the treaty [that is, the treaty establishing a single council and a single commission of the European Communities].

European Assembly

The Council agreed that the number and distribution of seats in the Assembly, which is to be elected by direct universal suffrage in 1978, should be as follows: Britain, the Federal Republic of Germany, France and Italy – 81 each; the Netherlands – 25, Belgium – 24, Denmark – 16, the Irish Republic – 15, and Luxembourg – 6, giving a total of 410 seats.

Commenting on the agreement, Mr Callaghan told the House of Commons that this outcome provided 'a reasonable balance between the need to have sufficient members to retain a manageable constituency relationship and the need not to inflate the Assembly to excessive proportions'. 'The overall size', he pointed out, 'is within the range proposed by the select committee [of the House of Commons] and the distribution of seats between countries takes due account of the principles they put forward.'[1]

The Prime Minister added: 'I also explained that Her Majesty's Government would, for the time being, keep open the possibility that the United Kingdom might continue to nominate representatives in 1978, should it prove impossible to hold elections here by that time. The Danish Prime Minister similarly reiterated his Government's position on holding elections in Denmark.'

The Council entrusted to foreign ministers the task of settling a number of outstanding issues before the end of July (see p 316).

Fisheries

The Council discussed the fisheries problem as a result of a proposal by Mr Callaghan. The Prime Minister said in his House of Commons speech that he had drawn the attention of the heads of Government 'to the trend towards increasing fishing limits to 200 miles and the need for the Community urgently to tackle the problem of protecting the legitimate interests of Community fishermen, in view of the prospect that an increased number of outside fishermen might wish to fish in the potential waters of member states' (see p 316). At the end of the meeting the Council issued the following statement:

'The European Council, having taken note of the work carried out at the United Nations Law of the Sea Conference [see p 250] and noting an increasing trend towards the extension of fishery limits to 200 miles without awaiting the conclusions of this conference, expresses its determination to protect the legitimate interests of Community fishermen.

'To this end, it invites the Council [of Ministers], at its meeting on 20 July 1976, to give consideration to a declaration of intent by the member states of the Community on the extension of fishing limits of the Community to 200 miles.' [See p 316.]

Terrorism

The Council discussed the problem of international terrorism and issued the following statement on the subject:

'1 The member states of the European Communities hereby declare that they regard the inhuman practice of taking hostages for the purpose of putting pressure on governments, for whatever political or non-political ends and for whatever motives, as completely unacceptable.

'2 It is in the interests of all governments resolutely to oppose such methods. It is in the interests of all governments to co-operate in combating the evil of terrorism.

'3 Recent events have shown once again that no country, no people and no government can hope to be spared acts of terrorism, kidnappings and hijackings directed against its citizens and interests unless all countries agree on effective measures.

'4 In this connection the member states of the European Communities declare that they are determined to co-operate with other countries in setting up effective world-wide measures to eradicate and prevent international terrorism, kidnappings and hijackings. Member states undertake to prosecute or to extradite those who engage in the taking of hostages.

'5 The heads of Government take note of the decisions which the ministers for the interior and justice of the member states have already taken in this matter in response to the request made at the European Council held on 1 and 2 December 1975 in Rome [see p 275], and ask these ministers to continue their activities.

'6 More particularly, the heads of Government ask their ministers for justice to set up a convention under which the nine member states undertake to prosecute or extradite those who engage in the taking of hostages. They shall ensure that as many countries as possible co-operate in this.'

International Economic Situation

Mr Callaghan reported in the House of Commons that, during an exchange of views on various aspects of the international economic situation, several heads of Government had expressed the view that budget deficits were too high and that there was a danger of growing inflation. 'I also argued', he added, 'that in certain states the high level of unemployment must be taken into account in formulating economic policy, especially in regard to young people. There was a general acceptance of this approach.'

[1] The committee's chairman, Mr Sydney Irving, had told the House of Commons on 12 July: 'Our main concern was that the Assembly should be large enough to enable the component parts of the United Kingdom to have proper representation, and that that representation should match that of the smaller member states of the Community.' After stating that, in the committee's view, Luxembourg must be treated exceptionally because of its small population, Mr Irving continued: 'With that exception, we believe that population should be the other determining factor.' (*Hansard*, 12.7.76, col 111.)

Tindemans Report

The European Council also asked the ministers for foreign affairs to continue the examination of the Tindemans report (see pp 59-61), in preparation for the next meeting of the Council.

DIRECT ELECTIONS

The outstanding issues concerning direct elections to the European Assembly, which the heads of Government entrusted to the foreign affairs ministers for their consideration (see p 315), were discussed at the meetings of the Council of Ministers on 19-20 and 27 July. In a parliamentary written answer (*Hansard*, 30.7.76, cols 443-4) Mr Roy Hattersley, Minister of State at the Foreign and Commonwealth Office, stated that at the meeting on 19-20 July, Britain had been prepared to agree an instrument which incorporated all the decisions taken at the European Council the week before. However, other countries had expressed concern that the provision accepting that practical difficulties might make the direct election in 1978 impossible applied to Great Britain alone. 'A new instrument', continued Mr Hattersley, 'was prepared with the intention of accommodating this point. That instrument does not contain a legal commitment to hold direct European elections on any date. Its preamble (which is not legally binding on the member states) reaffirms the aim of the nine to hold elections in the spring of 1978. But the actual decision to do so will, if the instrument is endorsed, be taken at a Foreign Affairs Council when the nine governments, acting unanimously, will take the final decision on the first election date.

'The Government was unable to endorse a scheme of this sort on the day it was presented to the Council as it was necessary to ensure that the new instrument safeguarded British interests. Having examined the instrument the Government is satisfied that it does so. The Government will support the acceptance of the new instrument at the Foreign Affairs Council on 20 September. At that time the Government's representative will emphasise that, although we will use our best endeavours to hold elections in 1978, it may not be possible for us to do so. We appreciate that, because of the form of the new instrument, if elections are not possible in Britain they will not be held anywhere in the Community. But, if that is the form of instrument which our colleagues prefer then we are prepared to endorse it.'

FISHERIES

At its meeting on 27 July the Council of Ministers adopted the following declaration of intent regarding the problems raised for the Community fishing industry by the establishment of 200-mile economic zones (see pp 250-1 and 276):

'The Council notes an increasing trend amongst countries with large-scale sea fishing industries to extend unilaterally their fishing zones to 200 miles, without awaiting the outcome of the United Nations Conference on the Law of the Sea. Certain countries which have been very active in fishing in coastal zones, particularly in the North Atlantic, have already extended the boundaries of their jurisdiction or taken a decision to do so as from 1 January 1977. This trend is bound to result in over-exploitation of the fish stocks, thus jeopardising the maintenance of the Community's fishing resources.

'The Council expresses its resolve to protect the legitimate rights of Community fishermen.

'The Council, convinced of the necessity for the Member States to act jointly:

considers that measures must be adopted in order to deal with this situation and that they must be taken in accordance with the conclusions of the Third Conference of the United Nations on the Law of the Sea: it is aware, however, that the trend referred to above could force the Member States to act as soon as circumstances render action necessary, ie before the proceedings of the Conference are brought to a conclusion;

to this end, adopts the principle of concerted action under which Member States would be led to extend the limits of fishing zones to 200 miles, fishing within these limits being subject to the common fisheries policy of the Community;

agrees to decide on the ways of implementing such action in the light of the outcome of the next meeting of the Conference on the Law of the Sea and not later than 1 October 1976.'

Referring to the declaration in the House of Commons on 28 July (*Hansard*, cols 631-3), the Secretary of State for Foreign and Commonwealth Affairs, Mr Anthony Crosland, said that the British Government hoped that the establishment of 200-mile zones could be done jointly by all the member countries of the Community; 'but', he added, 'if there is any unnecessary delay as far as the Community is concerned we shall not have the slightest hesitation in taking action unilaterally. We are now preparing legislation to make that possible if it is necessary.'

AGRICULTURE

The major questions discussed by the Council of Ministers at the meeting of the agriculture ministers on 19 and 20 July were the proposed action programme for restoring the balance in the market for milk and milk products (see p 170), possible interim measures for improving intra-Community trade in sheep meat and the effect of the drought on agriculture within the Community.

Milk

The Council had before it an action programme, prepared by the Commission, for dealing with dairy surpluses. The programme includes premiums for farmers who agree not to market milk, suspension of national and Community aids for the expansion of the dairy sector, a 'co-responsibility' levy on milk producers, a levy on vegetable oils and measures to stimulate consumption of milk products.

Reporting on the Council's discussion of the programme, the Minister of Agriculture, Fisheries and Food, Mr Frederick Peart, stated in a House of Commons written answer: 'I made it quite clear that we [that is, the British Government] remain committed to restraint on the common milk price, but would be ready to consider measures of producer co-responsibility subject to a firm prices

policy. At the same time I left my colleagues in no doubt that we are totally opposed to the suggested tax on vegetable and marine oils and fats as part of any package of measures to deal with Community milk surpluses.' (*Hansard*, 23.7.76, written answers, col 625.)

Sheep Meat

The ministers discussed possible improvements in intra-Community trade in sheep meat. The French market is at present protected by special measures, and in the course of this discussion the ministers considered ways of improving access to it. Mr Peart said in his written answer: 'Although there are points on which opinions differ and to which further consideration must be given, the Council recognised that a sufficient measure of agreement existed to enable it to express the firm intention of reaching decisions on interim measures for improving trade in sheep meat within the Community at its September meeting.'

Drought

One of the consequences of the drought afflicting certain regions of the Community has been the fall in market prices for dairy cattle, due to the cattle being sold prematurely because of scarcity of grass and fears of fodder shortage. To counteract this threat to farmers' income, the Community introduced intervention buying of cows. This provision, which was to have expired on 31 July, has been extended by the Council until 15 September. The Council also authorised an increase in the quantities of beef and veal for which aid for private storage is granted, and decided to increase the aid for skimmed milk used as a feedingstuff and to release some beef and veal which had been bought and stored by intervention agencies.

At its meeting on 27 July, the Council acted to mitigate another effect of the drought by suspending temporarily (from 1 August to 30 September) the import duty on certain categories of potatoes.

Tomatoes

The Council decided, at its meeting on 19-20 July, to introduce compensatory amounts on exports of tomato concentrates and peeled tomatoes to Britain, Denmark and Ireland – the three member countries which joined the Community in 1973. This means that refunds will be paid on these exports, thus reducing the price to the consumer.

ECONOMIC AFFAIRS

The draft budget of the Community totalling approximately 8,659 million units of account (about £3,608 million), was completed by the Council of Ministers on 22 July and forwarded to the Assembly for its consideration.

At the Council's meeting on 26 July a number of ideas on strengthening economic and financial convergence in the Community were put forward by the Netherlands Minister for Finance Mr W. F. Duisenberg. The Council invited three of the Community's committees to study these suggestions, while also taking into account those put forward by the French Minister for Economic Affairs and Finance, M. Jean-Pierre Fourcade, in September 1974.

NUCLEAR ENERGY

On 19 July the Council of Ministers discussed the Joint European Torus (JET) research programme on controlled thermonuclear fusion (see *Nuclear Energy in Britain*, COI, R5151/75, pp 23-5). Following the discussion the Council stated that it had 'formulated a favourable opinion on the rapid initiation of this project in the framework of the Community multi-annual research and training programme (1976-1980)', and that the necessary decisions would be submitted to the next Council of Ministers responsible for research.

RELATIONS WITH NON-MEMBER COUNTRIES

Greece

Negotiations for the accession of Greece to the Community opened in Brussels on 27 July. (Greece already has an association agreement with the Community.)

Turkey

At its meeting on 20 July the Council of Ministers agreed to the content of the package offer to be submitted by the Community delegation to Turkey, which has an association agreement with the Community. The offer covers agricultural matters, free movement of workers, the content of a new financial protocol, the development of the association and the establishment of a more thoroughgoing form of economic and commercial co-operation.

Canada

A framework agreement for commercial and economic co-operation between the Community and Canada was signed on 6 July. This agreement, which concerns the European Economic Community and Euratom, was completed by a protocol, signed on 26 July, extending its application to the European Coal and Steel Community. Among the principal objectives of the agreement are the development of Canadian and European industries, the opening up of new sources of supply and markets, the creation of new employment opportunities, the reduction of regional disparities and the protection and improvement of the environment. The means towards the achievement of these objectives will include the encouragement of joint ventures between Canadian and Community industries, increased two-way investment, joint co-operation in other countries by Canada's and the Community's private sectors and regular exchanges of information on industrial and economic matters.

ACP Countries

The first meeting of the ACP-EEC Council of Ministers was held in Brussels on 14-15 July. The Council consists of ministers representing the Community and the African, Caribbean and Pacific Group of States (ACP – see p 51, 1975). Reporting on the meeting in a parliamentary written answer

(*Hansard*, 26.7.76, cols 18-19), the Parliamentary Secretary at the Ministry of Overseas Development, Mr Frank Judd, said that the Council had discussed certain problems of implementation of the Lomé Convention. These matters, said Mr Judd, would be further studied by the continuing machinery of the convention and progress would be checked in the autumn at a meeting between the Presidents of the ACP-EEC Council and of the Council of the Community. The ACP countries had proposed some amendments to the system for the stabilisation of export earnings (Stabex), and these would be examined.

The meeting approved the accession to the Lomé Convention of Sao Tome and Principe, Cape Verde, Papua New Guinea, the Comoro State, Surinam and Seychelles.

The Middle East

THE PALESTINIAN QUESTION

The Palestinian question – now widely recognised as one of the essential elements in the Middle East problem – has been discussed by the United Nations Security Council on several occasions during the past six months. In March and May, the Council met to consider the situation in the Israeli-occupied territories following the outbreak of disturbances there; in June, it debated the report submitted by the Committee on the Inalienable Rights of the Palestinian people.[1] In accordance with previous precedents (see p 68), representatives of the Palestine Liberation Organisation (PLO) took part in each of these debates. Israel participated in the discussions in March and May but did not attend the debate held in June.

On 25 March, after three days of discussion, a negative vote cast by the United States ('the veto') resulted in the failure of a draft resolution asking the Council to 'deplore Israel's failure to put a stop to actions and policies tending to change the status of the City of Jerusalem and to rescind measures already taken to that effect'; with the exception of the United States all other members of the Security Council voted in favour of this draft resolution.

The debate which began on 4 May was ended on 26 May by a statement made by the President of the Security Council which, he said, represented the majority view of the members: this expressed 'grave anxiety' over the situation in the occupied territories, called on Israel to comply strictly with the Fourth Geneva Convention relating to the protection of civilians in war-time and deplored 'the measures taken by Israel in the occupied Arab territories that alter their demographic composition or geographical nature . . . particularly the establishment of settlements'.

On 9 June, the Council began consideration of the report of the Committee on Palestinian Rights. Affirming its belief that the Palestinian question was 'at the heart of the Middle East problem', the committee endorsed 'the legitimate and inalienable rights of the Palestinian people to return to their homes and property and to achieve self-determination, national independence and sovereignty'; no solution could be envisaged which did not take into account these 'legitimate aspirations'. It proposed a two-phase programme for the return of the Palestinians, the first phase involving those displaced as a result of the war of June 1967, the second concerning those displaced between 1948 and 1967, and suggested that the International Committee of the Red Cross and/or the United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA) might be used to help with the resettlement and in the identification of displaced Palestinians; those Palestinians not choosing to return to their homes should be paid 'just and equitable compensation'. The report recommended a deadline of 1 June 1977 for Israel's complete withdrawal from the areas occupied in June 1967 and proposed that the evacuated territories be taken over by the United Nations which, in co-operation with the League of Arab States, would subsequently hand them over to the PLO as the representative of the Palestinian people. As soon as the independent Palestinian entity had been established, the United Nations should make further arrangements for 'the full implementation of the inalienable rights of the Palestinian people, the resolution of outstanding problems and the establishment of a just and lasting peace in the region'; it should also provide 'the economic and technical assistance necessary for the consolidation of the Palestinian entity'.

The debate in the Security Council continued for three weeks. Arab speakers generally commended the committee's views and the representatives of Egypt and Syria particularly urged the Council to endorse its recommendations. Israel, which boycotted the debate, issued a statement rejecting these recommendations as amounting to 'a calculated formula' for its destruction. On 29 June a draft resolution, sponsored by Guyana, Pakistan, Panama and Tanzania, was tabled; this took note of the committee's report and affirmed 'the inalienable rights of the Palestinian people to self-determination, including the right of return and the right to national independence and sovereignty in Palestine'. Along with France, Italy and Sweden, Britain abstained from voting on this draft resolution (see p 319), which received ten votes in its favour but failed because of a veto by the United States.

British Views

Speaking in the debate on 25 June, the British representative, Mr Ivor Richard, reminded the Security Council of Britain's belief that a just and lasting settlement in the Middle East should be based on three main requirements: Israeli withdrawal from the territories occupied in June 1967; respect for and acknowledgment of the sovereignty, territorial integrity and political independence of every state in the area and their right to live in peace within secure and recognised boundaries; and the recognition of the right of the Palestinian people to the expression of their national identity. Having

[1]This committee, consisting of 20 members, was established by United Nations General Assembly resolution 3376 (xxx) of 10 November 1975. It was requested to draft by June 1976 a plan to implement the inalienable rights of the Palestinian people as affirmed by General Assembly resolution 3236 (xxix).

explained once again (see p 69) his Government's attitude to these principles, Mr Richard emphasised that they must be taken together and be seen as an integrated whole. He regretted that the committee had lost sight of this fact when drafting its recommendations.

Mr Richard reminded the Security Council that, in common with five other members of the European Community, Britain had voted against the General Assembly resolution setting up the Committee on Palestinian Rights. Nevertheless, the committee's report contained a number of points with which his delegation could agree. For instance, the recommendations relating to the return of Palestinian refugees were based on resolutions which Britain had supported in the Security Council and in the General Assembly. Mr Richard stressed the urgent need for a settlement of the problem of Palestinian refugees, which could only be fully brought about within the context of an overall settlement of the Middle East problem. He stated that Britain had given 'very substantial support' to the work carried out by UNRWA and was, both currently and cumulatively, the second largest contributor to its budget. Noting the role for UNRWA proposed by the committee, Mr Richard reminded the Security Council and the committee of the very serious financial crisis now facing that organisation, in view of which Britain had agreed to make a special contribution to UNRWA this year in addition to its regular contribution for 1976, which had already been increased to £3 million. A concerted effort by all members of the UN to provide UNRWA urgently with additional funds was required, and Mr Richard urged those taking part in the present debate to increase their contributions to that organisation.

Turning to the section of the report dealing with the right of the Palestinian people to self-determination, Mr Richard stated that Britain was pleased to note its emphasis on the frontiers existing in June 1967. However, his delegation very much regretted that this section of the report failed to take account of the three fundamental requirements of a settlement and to consider them as an integral whole, that it did not mention the need for recognition of the right of all states, including Israel, to live within secure and recognised borders, that it suggested discussing the establishment of peace only after Israel had withdrawn to the pre-1967 borders and a Palestinian state had been established and proposed that, even after these two conditions had been carried out, further steps would still be necessary for the full implementation of Palestinian rights. 'The Israelis could be excused if they were to see in this a threat to their right to live in peace within secure and recognised boundaries', declared Mr Richard.

The British representative stated that the Security Council's aim should now be to get the negotiations going again in whatever framework seemed most likely to work and with the participation as appropriate of all the parties concerned. Since the Council could not carry on the negotiations itself, it would not be helpful if it tried to dictate to the negotiators in advance by, for example, setting arbitrary timetables. Rather, it should encourage all the parties to resume the negotiating process and should try to check the dangerous polarisation in the positions of the two sides, and work towards creating common ground between them. This, declared Mr Richard, would require above all a willingness on all sides to compromise. The Palestinians must come to accept the reality of Israel's existence as recognised by the great majority of members of the United Nations. Mr Richard stated that, from various statements made by the PLO over the past two years, it could be implied that they might come to accept this reality and he urged them, if this was so, to state it more explicitly now. 'If the PLO could now say clearly that the existence of the state of Israel can indeed be reconciled with the rights of the Palestinian people, this would be of the greatest help', he stated. For their part, the Israelis should be ready to recognise the rights of the Palestinian people and to accept that Palestinian nationalist sentiment would have to be taken into account in a settlement.

Britain's Abstention on the Draft Resolution

On 29 June, the British representative explained to the Security Council that his delegation had abstained from voting on the draft resolution because this singled out one aspect of the question – the need, which Britain fully accepted, to recognise the rights of the Palestinian people – to the exclusion of all others. He reiterated the British Government's belief that, while resolutions 242 and 338 must be supplemented to take account of the political rights of the Palestinian people and to enable them to express their national identity, this must be done in a way which could be reconciled with the rights of all states in the area, including Israel, to live within secure and recognised borders. The three fundamental requirements for a settlement should be seen as an integrated whole, and the draft resolution had failed to take account of this essential point.

THE EVENTS AT ENTEBBE

On 27 June, an Air France aircraft, carrying over 250 people on a flight from Tel-Aviv to Paris via Athens, was hijacked by members of the Popular Front for the Liberation of Palestine and taken to Entebbe airport, Uganda, after landing briefly in Benghazi. The hijackers demanded the release of all Palestinian and pro-Palestinian terrorists and activists detained in Israel, France, the Federal Republic of Germany, Switzerland and Kenya[1] and their transport to Entebbe for exchange (by noon on 1 July) with the aircraft, crew and passengers. On 30 June, however, some 47 hostages were released. On 1 July, the hijackers agreed to free, and subsequently released, another 100 hostages, in response to Israel's announcement that it was prepared to negotiate on their demands, and the time limit was extended to 11 am on 4 July. The passengers who, together with the crew, remained as hostages, were Israeli nationals or held dual Israeli nationality. On the night of 3-4 July, an airborne military operation at Entebbe carried out by members of the Israeli Defence Forces succeeded in rescuing the remaining hostages; three of the hostages, one Israeli officer, a number of

[1]In a statement issued on 29 June, the Kenyan Government denied that any Palestinians were detained in Kenya.

the hijackers and of Ugandan soldiers were killed in the operation, and there was also some damage to Ugandan property. The Israeli military aircraft taking the hostages from Entebbe to Israel landed in Nairobi where they refuelled and where medical attention was given to the wounded. This exacerbated the already strained relations between Kenya and Uganda.

On 9 July, the United Nations Security Council began consideration of a complaint made by Mauritius on behalf of the Organisation of African Unity regarding the Israeli operation at Entebbe airport. During the debate, which lasted until 14 July, the Ugandan Foreign Minister, Lieutenant-General Juma Oris Abdalla, called on the Council to condemn what he termed Israel's aggression against his country, demanded full compensation for damages arising out of the operation and denied allegations that Uganda had collaborated with the hijackers. The Israeli representative, Mr Chaim Herzog, denied that the Entebbe operation had been directed against Uganda, which he nevertheless charged with collusion with the hijackers, and maintained that the right of a state to take military action to protect its nationals in mortal danger was recognised by international law. On 12 July a draft resolution, co-sponsored by Britain and the United States, was tabled: this condemned hijacking and all other acts which threatened the lives of passengers and crews and the safety of international civil aviation and called on all states to take all necessary measures to prevent and punish such terrorist acts, deplored the loss of human life resulting from the hijacking of the Air France aircraft, reaffirmed the need to respect the sovereignty and territorial integrity of all states and enjoined the international community to give the highest priority to the consideration of further means of assuring the safety and reliability of international civil aviation. Subsequently, the Security Council received a second draft resolution, sponsored by Benin, Libya and Tanzania, which condemned Israel's 'flagrant violation of Uganda's sovereignty and territorial integrity', and demanded that compensation be paid by Israel to Uganda; at the end of the debate, however, the sponsors announced that they would not insist on a vote on this proposal but reserved the right to revive consideration of it 'at the appropriate moment'. On 14 July, the Security Council failed to adopt, for lack of the required majority of 9 votes, the draft resolution submitted by Britain and the United States, which received 6 votes in its favour, none against and 2 abstentions; a number of states, including the African members of the Security Council, did not participate in the vote.

British Statement in the Security Council

Speaking on 12 July, Mr Ivor Richard told the Security Council that he wished to put on record 'in the strongest possible terms' the British Government's 'utter condemnation' of the Air France hijacking and the subsequent holding of the passengers and crew as hostages. 'We deeply deplore the loss of human life at Entebbe airport which resulted from this action', he stated. 'At the same time, we are extremely pleased that the lives of so many of the innocent hostages were saved and that the hijacking attempt itself finally ended in the failure it so richly deserved.'

Mr Richard referred to 'the remarkably different interpretation' given during the debate by the Ugandan and Israeli representatives of the events which had taken place between 27 June and 3 July. What emerged very clearly from this, he maintained, was the need to avoid a repetition of a situation in which, despite the common preoccupation with the obligation of every state to respect the sovereignty and territorial integrity of all states, a government was driven to take unilateral action within the territory of another state to assure the safety of its nationals. In the view of the British delegation, it was on this aspect of the problem that the Security Council should concentrate, looking towards the avoidance of such incidents in the future instead of seeking to pass judgment on what had taken place at Entebbe. In fact, he declared, Britain would find it 'incredible' if the Council were to address itself to what had happened at Entebbe without at the same time considering what should be done about hijacking – an international problem which faced all equally and which could only be satisfactorily dealt with by a concerted effort by the whole international community. Some international action on this subject had already been taken: it was now necessary to make this as effective as possible, to ensure maximum compliance by all members of the international community and to consider whether that community – and, specifically, the United Nations – could supplement existing measures to prevent further acts of hijacking and to punish those responsible. 'Let us try and use the events of recent weeks as a catalyst for international action in this field to make it as certain as we can that future acts of hijacking will not succeed', Mr Richard urged.

Turning to the draft resolution sponsored by Britain and the United States, Mr Richard explained that this aimed to incorporate the various factors stressed by different speakers during the debate. The draft tried to bring together the question of hijacking and the need to ensure the safety of air travel with the need to respect sovereignty and territorial integrity, and thus sought to recommend, with a sense of balance and justice, an outcome to the debate which would command a wide measure of support from the Security Council. In judging the events at Entebbe two principles had to be reconciled: the principle of territorial integrity and the equally valid consideration that states existed for the protection of their peoples and had the right, perhaps the duty, to exercise that function. These principles could only be reconciled by an approach along the line of the resolution tabled by Britain and the United States.

Mr Richard also spoke about the disappearance of Mrs Dora Bloch (see p 321), a British citizen with dual Israeli nationality, who had been among the second group of hostages to be freed by the hijackers, and called on the Ugandan Government to ascertain the true facts of the case. At the end of the debate that afternoon, he reported to the Security Council a further development since the morning – the fact that the Second Secretary of the British High Commission in Uganda was to be expelled from the country on the following day (see p 321).

Uganda

On 28 July the Foreign and Commonwealth Secretary, Mr Anthony Crosland, announced in the House of Commons (*Hansard*, cols 621-5) the British Government's decision to break diplomatic relations with Uganda. In a statement, Mr Crosland said that he had considered the future of Britain's relations with Uganda, which had 'a long and troubled history. The events of recent weeks', he continued, had 'again demonstrated that it is not possible for our High Commission [in Uganda] effectively to discharge its duties.' Two of its members had 'been expelled for no good or adequate reason', and the decision to break relations had therefore been taken.

Mr Crosland said that over the past two weeks the Government had been advising the British community in Uganda to 'seriously consider leaving'. 'All but some 200-plus' were now estimated to have left; and those remaining were 'mostly residents of long standing who well understand the risks they run in staying in Uganda'. The French Government had agreed to look after Britain's affairs in Uganda, and the Foreign and Commonwealth Secretary proposed to leave a British interests section in the French Embassy to assist them in this.

The decision, Mr Crosland said, had been made 'with deep regret. This is the first time that we have severed relations with a Commonwealth country. We have no quarrel with the people of Uganda, and we look forward to the time when it may be possible to renew our traditionally close relationship.'

Developments in Uganda

The expulsion of the two High Commission staff referred to by the Foreign and Commonwealth Secretary took place in mid-July, when he was already reviewing British-Ugandan relations as a result of increasing difficulties being faced by the High Commission in inquiries it was pursuing with the Uganda Government.

These inquiries related to a dual United Kingdom-Israel national, Mrs Dora Bloch, a passenger on the Air France airliner hijacked to Entebbe Airport (see p 319) who was one of the hostages freed in Kampala on 2 July, and was then admitted to Mulago General Hospital. As soon as Mrs Bloch's nationality and whereabouts were learned by the British Government, on 4 July, she was visited by a member of the British High Commission's staff. On a second visit an hour later, however, he was denied entry to the hospital. Thereafter, the Government and the High Commission tried 'to find out by every possible means' where Mrs Bloch might be. But a Ugandan police search produced no result, and the Ugandan authorities denied any knowledge of Mrs Bloch's whereabouts, or any Uganda Government responsibility for the hostages from the time of the Israeli operation (see p 319).

These facts were reported to Parliament on 7 July in a statement by Mr Rowlands, Minister of State for Foreign and Commonwealth Affairs (*Hansard*, cols 1369-70), who said he had told the Ugandan High Commissioner in London that this response was 'totally unacceptable' and that the Government 'expected further inquiries to be instituted'. Britain's High Commissioner, Mr Hennessy, who was then in London, was to return to Kampala to hold discussions with the Uganda Government and would bring back a personal report.

The High Commissioner's visit and report were the subject of a further statement by Mr Rowlands on 12 July (*Hansard*, cols 39-44), in which he said that Mr Hennessy had seen President Amin and had received from the Uganda Government the same denials as before. As a result of his report, there seemed 'little doubt' that Mrs Bloch had been taken from Mulago Hospital on the evening of 4 July and was 'no longer alive'. The High Commissioner would now 'remain in London for consultations, while we consider the future of our relationship with Uganda'.

In a parliamentary answer on 15 July (*Hansard*, cols 896-7) the Prime Minister stated the Government's position on President Amin's failure to satisfy its requests for action over Mrs Bloch. 'Every nation', he said, 'has the right to ask that the fate of one of its citizens should be known to the home country . . . I do not regard President Amin as having carried out that obligation yet.' The Prime Minister did 'not propose at this stage to communicate with President Amin', as he did 'not believe that [this] would have any effect'. But he expected him 'to account for Mrs Bloch's death'. On 29 July, it was confirmed by Mr Rowlands (*Hansard*, written answers, col 377) that there could 'now be no doubt that Mrs Bloch [had] been murdered'. Until the break in diplomatic relations, the High Commission had continued to demand a satisfactory explanation for her disappearance; but this had 'not been forthcoming'.

Expulsion of High Commission Staff Members

The expulsion, on President Amin's orders, of the Second Secretary at the High Commission who had seen Mrs Bloch in hospital, was announced to the House of Commons on 13 July by the Leader of the House, Mr Michael Foot (*Hansard*, cols 367-8). Mr Foot also told MPs that Mr Ivor Richard, Britain's Permanent Representative at the United Nations, had already made an intervention on this matter at the Security Council, at the end of its debate on hijacking (see p 320), in which he had 'made very clear [the Government's] concern over these developments'.

The expulsion of the Acting High Commisssioner in Kampala, Mr Horrocks, took place a few days later. Mr Horrocks left Uganda on 16 July, and was replaced in his post by Mr Eustace Gibbs, a member of the diplomatic service inspectorate then in Kampala on a routine inspection of missions. Subsequently, the Ugandan Ministry of Foreign Affairs claimed that it had no knowledge of Mr Gibbs's presence or his appointment. At a Foreign and Commonwealth news conference of 23 July it was stated that Mr Gibbs had, as he had explained to the ministry, already made a courtesy call there and had his position as Acting High Commissioner confirmed on 16 July.

Background of British-Ugandan Relations

The lack of Uganda Government co-operation with the High Commission in its efforts to find Mrs Bloch, and its action in ordering the two expulsions, added great difficulties of effective operation to a High

Commission already reduced in staff numbers as a result of earlier action by the Uganda Government. Since November 1974, the personnel at the High Commission had been reduced to five, following a directive by President Amin to this effect. A similar reduction had then been required by the British Government for the Ugandan High Commission in London (see pp 470-1, 1974).

Other events in the recent history of British-Ugandan relations have mainly concerned the safety and welfare of people in Uganda for whom Britain was responsible. In July 1975 a British citizen, Mr Denis Hills, was released to the then Foreign and Commonwealth Secretary, Mr Callaghan, when he visited Uganda, after Mr Hills had been sentenced to execution by a military tribunal and subsequently reprieved by President Amin (see p 317, 1975). In August 1972 United Kingdom passport holders were affected by President Amin's decision to expel Ugandan residents of Asian origin with other than Ugandan citizenship. In an extended operation of reception and resettlement, some 28,600 Ugandan Asians were evacuated within the 90 days decreed by President Amin, and were assisted in finding accommodation and employment in Britain or, in about 1,000 cases, re-emigrating elsewhere (see pp 374-7, 408-10, 1972, and pp 188-9, 1974).

Following the expulsion of the Asians from Uganda, British aid was cancelled in November 1972, and it was decided to cease supplementing the salaries of officers working in Uganda under technical co-operation on the expiry of their current contracts (see p 22, 1973). Answering questions after his statement to Parliament of 28 July, the Foreign and Commonwealth Secretary said that there were in Uganda at the moment 11 supplemented teachers, whose salaries were paid directly to them and who had 'been given . . . the same advice as . . . other British citizens in Uganda'. Mr Crosland confirmed to the House that 'otherwise, . . . no aid has gone to Uganda since 1972'.

Angola: Execution of Mercenaries

Four months after the military victory in Angola of the Government of the People's Republic (see pp 104-6), ten British and three United States citizens were tried as mercenaries by the Angolan People's Revolutionary Tribunal, the country's supreme court. After a trial lasting from 11 to 28 June, three of the Britons and one American were sentenced to death; sentences of 30, 24 or 16 years' imprisonment were passed on the other nine accused.

Messages to the President of Angola, who under his country's law must confirm or otherwise the execution of capital sentences, were sent by the Prime Minister on 28 June, and by the Queen on 4 July, requesting clemency for the three Britons concerned. No reply was received, however, to these or other appeals. On 9 July a statement was issued by President Neto, confirming that the death sentences were to be carried out; and the four men were shot the next day by a firing squad.

Among the charges against the 13 men, the main one in each case was 'the crime of being a mercenary engaged in a war of aggression against Angola'. Allegations were also made of complicity by the British Government in the recruitment of the mercenaries from Britain and in the arrangements for their departure for Angola. Similar allegations were made against the United States Government.

The British Government's position in relation to the charge and to the allegations was made clear on a number of occasions during June and July. In a statement issued on 10 July, before the executions had taken place, the Government stressed that it had 'made very clear at the time' its 'strong disapproval of the recruitment and service of these men as mercenaries in Angola'; it was because of its 'deep concern arising out of such activities' that the Diplock Committee had been set up 'to consider the law on the subject of mercenaries and to make recommendations [see p 106]. Nevertheless', the statement continued, the 'Government [does] not accept that it has been established that being a mercenary is a crime having a basis in international law' – the claim made by the Government of Angola.

Earlier, in answer to questions in the House of Commons on 16 June (*Hansard*, cols 822-3), the Foreign and Commonwealth Secretary had confirmed that, although mercenaries for Angola 'went out against the strong advice of [the] Government, . . . under British law it is not a crime to be a mercenary'. There was 'nothing in British law to stop anyone leaving the country, with or without a passport', except where 'a person is suspected of having committed criminal offences'. On these grounds, 'a number of those who wished to leave the country [for Angola] were prevented from doing so by the police'.

In a statement to Parliament on 12 July (*Hansard*, cols 44-9), Mr Rowlands, Minister of State at the Foreign and Commonwealth Office, reiterated the Government's position and stated unequivocally that 'no special facilities were given or special arrangements made by the Government' for the departure of the mercenaries from Britain. In connection with the trial and the charge of being a mercenary, the Minister said that the Government had further 'noted the absence of any presumption of innocence and the prejudicial nature of much of the process and evidence'. It would 'leave the Angolan authorities in no doubt of [its] opinion of the trial and its procedures', and would 'also consider the position of those men sentenced to long terms of imprisonment and action that [the Government might] be able to take on their behalf'.

The Diplock Committee Report

On 3 August the report of the Diplock Committee was published,[1] containing a number of recommendations, including the repeal of the provisions of the Foreign Enlistment Act 1870, dealing with illegal enlistment and recruitment, which were 'out of date and obscure' and 'unworkable'. The report recommended that mercenaries should be legally defined by their service 'voluntarily and for pay' in armed forces other than Britain's, and not by

[1] *Report of the Committee of Privy Counsellors appointed to inquire into the recruitment of mercenaries.* Cmnd 6569. HMSO, 30p. ISBN 0 10 165690 4.

reference to their motives. It said that to prevent British citizens taking up such service was a restriction on personal freedom only justifiable on grounds of public interest; prevention through the withdrawal of passports was 'both ineffective and unjustifiable'. Under any new legislation it should not be a criminal offence to enlist or serve as a mercenary. The objective should be to empower the Government to prohibit 'recruitment . . . for service in specified armed forces abroad', this to be effected in relation to particular armed forces by Order in Council. The prohibition, the report said, should be made to include activities publicising means of becoming a mercenary or otherwise facilitating such employment.

Colombo Plan's Twenty-fifth Anniversary

The Colombo Plan for Co-operative Economic Development in South and South East Asia celebrated its twenty-fifth anniversary on 1 July.

Established in 1951 following a meeting of seven Commonwealth ministers in Colombo in January 1950, the Colombo Plan seeks to develop the economies of the member countries in the region and to raise the living standards of their people by reviewing development plans and co-ordinating development assistance. Twenty-seven countries joined the plan, including 21 developing countries within the region – Afghanistan, Bangladesh, Bhutan, Burma, Cambodia, Fiji, India, Indonesia, Iran, Republic of Korea, Laos, Malaysia, Republic of Maldives, Nepal, Pakistan, Papua New Guinea, the Philippines, Singapore, Sri Lanka, Thailand and Vietnam (South). The non-regional members which provide assistance are Australia, Britain, Canada, Japan, New Zealand and the United States.

All aid to and from member countries is considered to come under the plan but is negotiated and administered bilaterally. The Colombo Plan Consultative Committee, the plan's principal policy-making body which meets annually at ministerial level, acts as a forum for reviewing economic progress in the region and for discussing aid problems. There is also a Council for Technical Co-operation which meets several times a year to promote and co-ordinate technical co-operation. The latter also maintains the Colombo Plan Bureau which keeps a record of all technical co-operation, disseminates general information about the plan and develops intra-regional training. The six industrialised donor countries outside the region have provided some £20,000 million in financial aid and technical co-operation under the plan.

Britain's contribution

As a founder member Britain has played a leading role in the work of the Colombo Plan and has contributed over £1,000 million in development aid to the regional countries since its establishment. For historical reasons this aid has been concentrated mainly in Commonwealth countries, though considerable amounts have also been directed towards non-Commonwealth countries such as Indonesia, Pakistan (formerly a member of the Commonwealth) and Nepal. The main recipients of British aid in the region in 1974 were India (£75·4 million), Indonesia (£8·9 million), Bangladesh (£6·4 million), Malaysia (£5·4 million), Singapore (£4·8 million), Pakistan (£3·5 million), Nepal (£3·2 million) and Thailand (£2·6 million).

Much of British aid to Colombo Plan countries has been directed towards the development of public utilities, communications and other infrastructure and towards the creation of an industrial base. For example, Britain has given considerable support for the development of India's steel and electric power industries, and has recently provided £10 million to help develop its coal mining capacity and finance for the construction of four ships (one products tanker and three bulk carriers) which, by increasing India's cargo carrying capacity, will enable it to earn valuable foreign exchange to assist its development programme. Similarly, recent aid commitments to Pakistan have included £3·4 million for the construction of a new port, Port Qasim, to help relieve congestion at Karachi, and £2·5 million in support of new investments in Pakistan's industrial sector. India and Pakistan are also the beneficiaries of the assistance (£34·8 million and £12·5 million respectively) which Britain has provided for the Indus Waters and Tarbela Dam projects to facilitate irrigation and electric power development in the Indus Basin. Other aid in these sectors has included some £14 million since 1969 for road development in Nepal, £4·35 million for an electricity supply project in Bali, Indonesia, about £16 million to help finance the urban power distribution network of Dacca, Bangladesh, and £1·9 million in support of Burma's oil industry.

In line with the changing emphasis in its aid policy (see pp 446-8, 1975), an increasing proportion of Britain's aid is being directed towards the poorest countries and the poorest people within those countries, particularly through support for rural development and agricultural schemes. This is of special significance to the Colombo Plan region which includes some of the world's poorest countries, these often having large populations and being among those most seriously affected by the sharp increase in oil prices since 1973. Accordingly, to assist agricultural production in the region, Britain has provided £25 million for the construction of three fertiliser plants (aid for a fourth has been offered) in India and £8 million for another in Bangladesh. Britain is also aiding a dryland farming project in Indore, India, which aims at providing a package of agricultural techniques for the many small farmers in rainfed areas who have not so far shared in the 'green revolution'. In Indonesia, Britain is aiding with £1·6 million two irrigation projects in northern Sulawesi which together will provide irrigated farms for about 8,000 families, while up to £7·2 million has been committed for a five-year land development project in Sind, Pakistan, aimed at reclaiming some 250,000 acres for irrigated agriculture. Rural development is also being aided by support for agriculture-based industries, such as cotton textiles in Afghanistan and Bangladesh, regional development projects in Thailand, a rural resettlement scheme in Indonesia,

and rural road development in Nepal (see p 323).

Of Britain's total aid to the region since 1951 some £60·4 million has been provided under technical co-operation arrangements. Among other things, this has been used to finance the supply of over 2,660 experts to provide advice and assistance on development problems and the provision of over 19,000 scholarships and training awards for Colombo Plan students to study in Britain. In recent years annual disbursements of technical co-operation funds have grown steadily, rising from £3·9 million in 1970 to £6·4 million in 1974. (In 1975 the figure increased to £8·3 million.) Over that period some 2,127 British-financed experts served in the region, of whom 291 were provided in 1974. The majority of these – 192 – served in the field of education, the remainder serving mainly in the fields of public administration (18), renewable natural resources (25), economic infrastructure (27) and health and social welfare (18). Students and trainees from Colombo Plan countries studying in Britain in 1974 totalled 2,117. These came mainly from India (585), Malaysia (337), Bangladesh (220), Sri Lanka (157), Pakistan (126), Indonesia (118), Thailand (99), Iran (77) and the Philippines (65). Their studies covered a wide range of subjects from education, social studies and public administration to engineering, technology and industry and commerce.

Shorter Notes

THE GILBERT ISLANDS

Talks on the constitutional advance of the Gilbert Islands were held in London on 14 July, under the chairmanship of Lord Goronwy-Roberts, Minister of State, Foreign and Commonwealth Office, between the British Government and a delegation from the Gilbert Islands headed by the Chief Minister, Mr Naboua Ratieta. Provisional agreement was reached on the principles of a constitution providing for internal self-government planned to come into effect on 1 November 1976. It is envisaged that, subject to parliamentary approval and following elections in the Gilbert Islands, full independence will be achieved during 1978. At a press conference following the talks Mr Ratieta said that on achieving independence the islands would remain within the Commonwealth and would seek to maintain their links with the European Community.

Situated in the central Pacific Ocean with a population of some 52,000, the Gilbert Islands Colony comprises the Gilbert Islands, Ocean Island, the Phoenix Islands and the Line Islands. These, together with the Ellice Islands – now the dependency of Tuvalu – constituted the former colony of the Gilbert and Ellice Islands which was dissolved in October 1975 (see p 397, 1975). At present the Gilbert Islands have a ministerial form of government, introduced in May 1974, with a House of Assembly, which has 21 elected and three *ex-officio* members, and a Council of Ministers, comprising the Chief Minister and not less than four and not more than six other ministers (appointed by the Governor on the advice of the Chief Minister), and three *ex-officio* members. Certain reserved powers, including external affairs, internal security, finance and the public service, remain the responsibility of the Governor.

The economy of the islands is based mainly on the export of phosphate rock (mined on Ocean Island) and copra. It is expected that the phosphate deposits will be exhausted by 1979 and efforts are being made to replace this major source of revenue and employment with the introduction of secondary industries and commercial enterprises, the promotion of the handicrafts industry, and a campaign to increase copra production. Other developments include research into fisheries aimed at establishing a tuna fish industry. Development expenditure is financed largely by aid funds from Britain, Australia and New Zealand, by allocations from local revenue and by funds provided by international agencies such as the United Nations Development Programme and the World Health Organisation.

THE INTER-AMERICAN DEVELOPMENT BANK

Britain was one of the nine non-regional countries which joined the Inter-American Development Bank (IDB) on 9 July, the others being Belgium, Denmark, the Federal Republic of Germany, Israel, Japan, Spain, Switzerland and Yugoslavia. The regional members of the bank, which was set up in 1959 to help financial development in Latin America, include all Latin American countries (except Cuba), Barbados, Jamaica, Trinidad and Tobago, Canada and the United States.

Britain has been actively associated with the IDB since 1966 when it first began channelling a portion of its aid funds through the bank's administration (see p 20, 1975). In joining the bank, Britain has agreed to subscribe $US 61·6 million of the bank's shares, of which $US 10·2 million will be in paid-in shares. It will also contribute $US 61·6 million to the bank's Fund for Special Operations which makes development finance available at low interest rates.

In 1975 the IDB lent $US 1,375 million for financing development concentrated mainly in the following areas: industry, agriculture, transport, electric power, sanitation, urban development, communications, education, tourism and technical co-operation.

Projects financed by the IDB represent some of the largest currently in progress in Latin America and the Caribbean. Examples of these are the Salto Grande hydro-electric project in Argentina, the expansion of the Companhia Siderurgia Nacional steelworks in Brazil, the expansion of the port of Bridgetown in Barbados, as well as numerous loans for small-scale agriculture and irrigation projects.

ECONOMIC AND SCIENTIFIC AFFAIRS

The Economy

Measures designed to reduce the Public Sector Borrowing Requirement (PSBR) to £9,000 million in 1977-78 were announced by the Chancellor of the Exchequer, Mr Denis Healey, in a statement made to the House of Commons on 22 July (*Hansard*, cols 2010-20). The measures include cuts in the planned expenditure programmes for 1977-78, giving a total public expenditure saving of £1,012 million, and an addition of 2 percentage points to the employers' national insurance contribution, which would yield £910 million in 1977-78. The public expenditure cuts would reduce the PSBR by about £800 million in 1977-78, while the increase in employers' national insurance contribution would reduce it by about another £700 million in the same period.

The Chancellor said that the Government's overriding priority was to restore the prosperity of the British economy through the regeneration of industry and to provide the essential conditions to bring down and to keep down the intolerable level of unemployment. To do this the Government had to ensure that manufacturing industry had sufficient resources available to take account of the opportunities open to Britain in the export field; to reduce Britain's rate of inflation to the level of its competitors and to hold it there; and to do both in a way which would protect the poorest and weakest people and retain the social consensus upon which the success of all the Government's policies depended.

Mr Healey recalled saying in his April Budget speech (see pp 200-9) that he expected Britain's gross domestic product, which had fallen during 1975, to grow by about 4 per cent, and manufacturing output to grow by about 8 per cent, in the year to mid-1977. The increase in demand would come largely from exports and stock-building and little from consumption. In fact, the recovery had proceeded faster than he had then expected, led by a vigorous growth in exports. On present policies he now expected gross domestic product to increase over the 18 months from the first half of 1976 at an annual rate of 5 per cent and exports of goods and services by 11 per cent. This, he said, could imply a very rapid rate of increase in manufacturing production, perhaps as much as 9 per cent. The Government expected a lag before these developments affected the present figures of unemployment; however, on current prospects he expected unemployment to start falling before the end of 1976. The money supply had grown well within the guidelines the Chancellor had set at the time of the Budget. The balance of payments and current account, however, remained in substantial deficit. The 12 per cent depreciation of sterling since March 1976 would inevitably worsen the balance of payments in the short term. On the other hand the increase in Britain's exports and in import substitution deriving from Britain's increased competitiveness would later bring a marked improvement – in fact the country now had a unique opportunity for export-led growth.

The Government would not allow supply constraints and bottlenecks to develop as a result of an excessive rate of growth, nor would it allow an excessive growth of the money supply. In tackling these problems the Government benefited greatly from the co-operation that had been established with both sides of industry; this had made possible an agreement on prices and incomes between the Government, the trade unions and industrial management, which in one year had halved the rate of price increases. It had also produced a dramatic improvement in industrial relations, which had greatly reduced the amount of disruption in the flow of industrial supplies. Days lost through strikes so far in 1976 had been less than half of 1975's figure, which itself had been only a third of the figure for 1974 The same consensus had successfully launched an industrial strategy which was an essential element in Britain's economic regeneration.

Public Sector Borrowing Requirement

Mr Healey recalled that he and the Prime Minister, Mr James Callaghan, had said many times that the Government was ready to take whatever action might be necessary to make room for the growth in exports and productive investment upon which Britain's future depended. It remained the Chancellor's considered judgment that there was no call for major action in the current financial year. Firm action to prevent the tendency for public expenditure to exceed planned levels had already been taken. In particular, the Government's new techniques of control, notably cash limits (see pp 209-10), would ensure that expenditure in 1976-77 was strictly contained within the limits which the Government had published. However, there was no economic or financial case for a further reduction in public expenditure or the PSBR in 1976-77. Mr Healey estimated that the PSBR

would be about £11,500 million in the year, about £500 million less than the Budget estimate.

He said it had been right for Britain, like other countries, to run a large fiscal deficit in the depths of the recession so as to keep unemployment lower than it otherwise would have been. It would, however, be wrong to do this through the period of recovery which was now beginning. Unless the deficit fell steadily over the next three years as expansion proceeded, the financing of the public sector would pre-empt private savings which productive industry was likely to require on a substantial scale to finance stock-building and investment; or it would lead to an excessive growth of the money supply which would refuel inflation. Given the economic prospect as it was now seen, the Government intended that the PSBR for 1977-78 should be reduced to £9,000 million or less.

The Chancellor said that the recovery of the economy in 1977-78 was itself likely to reduce the PSBR by something like £1,000 million to £10,500 million. This alone would not be enough. Fiscal action was needed in addition to achieve the objective which the Government had set. He believed that it would be wrong in present conditions to place on taxation the whole burden of adjustment. In particular, a major increase in the burden of personal taxation would have had an unacceptable consequence for take-home pay and the Government's counter-inflation policy in the coming year. He had therefore to look to public expenditure for a major contribution, and announced, in advance of the usual White Paper, public expenditure reductions of about £1,000 million at 1976 survey prices for 1977-78, which would be the crucial year for the country.

Public Expenditure Cuts

Mr Healey said that since the public expenditure White Paper (see pp 110-13) had been published, the Government had approved a number of proposals which added to expenditure programmes in 1977-78. The main items were the various measures which the Government had taken to relieve unemployment, the uprating of social security benefits from November 1976, and direct cost to the Exchequer of the introduction of child benefits. These had been announced as claims against the contingency reserve provided in the White Paper and had not been added to total planned expenditure. In deciding where the reductions of £1,000 million should fall, the Government had avoided mechanical cuts across the board. It had deliberately decided to maintain the main social security benefits such as pensions, so as to provide the maximum support to people in need in Britain. It had also decided to maintain Britain's aid programme to the Third World.

Trade, Industry and Employment

The main purpose of the Government's measures was to allow manufacturing industry to take the maximum advantage of the opportunities now presented to it. The Government had been concerned to avoid damaging the trade, industry and employment programmes because of the priority which it was giving to the industrial strategy. It intended, however, to move towards putting emphasis on selective, as opposed to general, assistance to industry. It planned, therefore, to increase significantly the resources available for selective assistance to industry through the National Enterprise Board (see pp 486-7, 1975) and the Scottish and Welsh Development Agencies (see pp 106-7, 1975), as well as directly from the Government, so as to support the work on the industrial strategy now under way in the National Economic Development Council. Experience showed that this was the most cost-effective way of helping to achieve the reversal of Britain's post-war industrial decline. As part of this policy of selective support for industry, the Government would also watch the need for any extension of its existing selective import restraints to provide temporary protection to viable industries faced with unfair foreign competition.

The Government had already increased provision for the Department of Employment's programme, including funds provided to the Manpower Services Commission for training. In addition, the Government was prepared to make provision, within the revised programme, for possible Government contribution in 1977-78 to the collective funding of any scheme of apprentice training which might emerge from the public discussions of the recent consultative document on that subject (see p 342). The Chancellor said that further measures to help the serious problem of unemployment among young people would be announced shortly (see p 333).

He said that the shift of emphasis towards selective assistance to industry would require savings in expenditure of three kinds. First, the regional employment premium, which was at present £3 for men and £1·50 for women, would in future be a single rate of £2 for both. Secondly, legislation would be introduced to reduce the employers' rebate from the Redundancy Fund from 50 per cent to 40 per cent. Thirdly, savings would be obtained on regional development grants by imposing a delay of some three months in payment of approved claims. The Government also proposed to concentrate these grants in future on manufacturing investment by withdrawing eligibility from the construction and private mining industries, the location of which for the most part was not determined by any incentive. The Chancellor said that, apart from further selective action still to be decided, the net effect of all these measures would be to reduce the trade, industry and employment programmes in 1977-78 by £105 million.

Nationalised Industries' Capital Expenditure

Net savings of £157 million would be made on the capital investment programmes of the nationalised industries other than the British National Oil Corporation. These savings were spread among the industries and should not affect the main industrial objectives of any of them. The Government intended to review the treatment of the nationalised industry programmes generally in Britain's public expenditure figures so as to bring British practice more closely into line with that of other countries.

Housing

Mr Healey said that approvals for new house-building by local authorities were running at a

substantially higher level than allowed in the Estimates in the last public expenditure White Paper. It was therefore necessary to reintroduce control over this programme and to limit the rate of approvals so that overspending was avoided. Reductions would not be imposed in areas where housing needs were greatest. In addition, net savings of £146 million would be achieved, principally by reductions in local authority mortgage lending. Mr Healey said that the building societies had expressed their willingness to help fill this gap in mortgage lending. Net savings of £81 million would be obtained on existing programmes for other environmental services.

Education

The Government proposed to limit to £15 million the net additional expenditure on school meals in 1977-78 by raising the 15p-a-day charge by 10p in the autumn of 1977, but there was to be no increase in the charge for school meals in 1976-77. A saving of £45 million would be made on the rest of the education programme, mainly by curtailing expenditure on university building and equipment and other educational building and by reducing the budgets for science and the arts. The total net saving on this programme would therefore be £30 million.

Social Security

The Chancellor said that high priority had been given to the poorer members of society, particularly the old age pensioners. The Government would continue to honour its commitment to uprate the main social security benefits regularly, and would maintain general social security expenditure in 1977-78. Furthermore, it proposed to increase the rate of the new mobility allowance (see p 246, 1975) in November 1977. However, legislation would be introduced to restrict the unemployment benefit entitlement of those with specific occupational pensions; and non-contributory invalidity benefit for housewives would now be introduced in November 1977. Taking into account the increase in mobility allowance, these measures would save about £21 million net in 1977-78.

Health and Personal Social Services

Reductions of £70 million would be made in 1977-78 for the health and personal social services programme as a whole but there would be no cuts in services for patients in the National Health Service. The reductions would consist of £20 million on capital expenditure on the National Health Service and on local authority personal social services; £20 million by way of extra receipts from increases in dental and ophthalmic charges; £10 million from savings on overheads and measures to curb expenditure on drugs; and a further £20 million in 1977-78 (£40 million in a full year) by legislation to recoup, mainly from insurance companies, the full cost to the National Health Service of treating road accident cases. The Government would hold immediate consultations with the insurance companies and other interested concerns.

Subsidies

The Government's existing plans envisaged that food subsidies would be largely phased out by 1977-78, Mr Healey continued. This process would be accelerated, to save £80 million in 1977-78. The effect of this acceleration on the retail price index would be only about 0·1 per cent.

Northern Ireland

A reduction of £35 million would be made in Northern Ireland: some £3 million of this was the result of the new equalised rate of regional employment premium. The remainder of the cuts would be spread widely over the different Northern Ireland programmes.

Other Savings

There would be net savings of £87 million on roads and related expenditure, and net savings of £25 million would be obtained on existing agricultural and forestry programmes, largely by deferring the payment of capital grants and by ending the lime subsidy. A reduction of £10 million would be made, mainly in expenditure on Government accommodation. The Government had decided to save £5 million on overseas services other than aid in 1977-78. The planned defence budget for 1977-78 (see p 148) would be reduced by £100 million. This would be achieved by rephasing the works programme and by some deferrals.

Implementation

The Chancellor said that in those cases where the reductions he had announced fell on the spending of authorities other than central Government, the necessary consultations about the form of the savings would be initiated at once. Where parliamentary authority was required, the necessary Bills or Orders would be introduced in due course. These savings did not include any reduction in local authority current expenditure below the provision in the public expenditure White Paper. However, it was essential that stringent economy should be exercised to avoid exceeding this provision. The Government would be discussing this matter, and also the implications of the reduction in capital expenditure of local authorities, with the Consultative Council on Local Government Finance and with the Convention of Scottish Local Authorities. Mr Healey said that together with the saving of £60 million on debt interest which would result in 1977-78 from the measures he was announcing, the total public expenditure saving would be £1,012 million. This would reduce the PSBR in 1977-78 by about £800 million.

Taxation

In addition to the public expenditure measures, the Chancellor said that further action on taxation was needed to reduce the PSBR to £9,000 million. A large increase in income tax or indirect taxation would be harmful to the counter-inflation policy, particularly since the effects would be felt immediately in the middle of the next pay round. The Government had therefore decided to make an addition of 2 percentage points to the employers' national insurance contribution, which would accrue to the Exchequer. Legislation would be introduced so that the addition could take effect from 6 April 1977. It would yield about £910 million in 1977-78 and about £1,030 million in a full year.

Less than half of this would come from manufacturing industry. The effect would be to reduce further the PSBR in 1977-78, by about £700 million. The additional contribution, like the existing contributions, would be an allowable cost for the purposes of the Price Code (see p 330) and Corporation Tax.

Conclusion

The Chancellor said that the total estimated effect of the public expenditure and tax measures which he had announced would be to increase the price-level by about 1 per cent by March 1978. On current forecasts, these measures would suffice to achieve the Government's objective of reducing the PSBR to £9,000 million in 1977-78. The £9,000 million would be about 6 per cent of gross domestic product at current market prices, compared with about 9 per cent which was now forecast for 1976-77 and nearly 10 per cent in 1975-76. Mr Healey said that the General Government Financial Deficit, which excluded on-lending to public corporations and the private sector, was the concept used by some other countries and was often quoted in international comparisons. The measures he had announced would reduce the General Government Financial Deficit from just under 6 per cent of gross domestic product in 1976-77 to 3 per cent of gross domestic product in 1977-78 – a reduction of nearly half.

The Government's plans for the reduction of their PSBR would make it easier to finance the borrowing requirement without excessive growth of the money supply, he continued. It would mean less pressure on interest rates, to the benefit of industry, and of Government and local authority borrowing. He said that so far in 1976-77 the money supply had been growing at an annual rate of about 10 per cent. However, because borrowing needs and sales of Government securities inevitably vary from quarter to quarter, rates higher than this had to be expected for some periods, especially towards the end of the financial year. It was a mistake, he said, to attach too much significance to such fluctuations. For the financial year as a whole, money supply growth should amount to about 12 per cent. Such an outcome would be fully consistent with the Government's objectives for reducing inflation. The Chancellor repeated the assurances which he had given about his intention not to allow the growth of the money supply to fuel inflation either in 1976-77 or in 1977-78. If inflation and output moved as now forecast, he expected the growth in money supply to be lower in 1977-78 than in 1976-77.

Mr Healey said that there remained a risk that, even after the reduction in the PSBR, the necessary restraint in the growth of the money supply might result in industry being denied essential finance. He intended to ensure that this did not happen. It was essential that any increase in bank lending should be directed to priority borrowing – in particular, for exports, import saving, and investment and working capital for productive industry. This meant that both lending and commitment for the future to customers in non-priority categories had now to be strictly limited, and the Government would monitor carefully what happened in these categories. The Governor of the Bank of England was issuing a notice to the banks emphasising the necessity of applying restraint in this extended form, in reinforcement of existing requirements.

As a result of the measures which he had announced, the Chancellor expected the gross domestic product to increase over the 18 months from the first half of 1976 at an annual rate of about 4·5 per cent and manufacturing production at the rate of about 8·5 per cent. These were still better figures than he had expected at the time of the April 1976 Budget. Unemployment in early 1978 would still be lower than expected, even though the measures might by then have reduced the fall in unemployment by about 60,000. With the help of a much better balance in the public sector's finances, Britain could look forward to the economic recovery over the next 18 months at a pace which was both vigorous and sustainable and which would not refuel inflation. The Chancellor said that the measures he had announced had one overriding purpose: to make certain that this recovery could be sustained until full employment was achieved.

Renewal of Social Contract

The 'social contract', an agreement between the Labour Party and the Trades Union Congress (TUC) to co-operate on matters of economic and social policy, has been endorsed for a further three years.[1]

In a statement to a press conference on 28 July, the Prime Minister, Mr James Callaghan, said that the new agreement offered, in general terms, 'a three-year period of industrial stability, an opportunity for a rebirth of [Britain's] industrial system coupled with a system of social priorities . . . based on continuing mutual consultation and co-operation between the Government and the trade union movement'. As a result of the first social contract, he added, Britain's industrial relations record was better than it had been at any time for a decade.

The Prime Minister went on to explain that he would not seek to 'embroil [the trade union movement] in responsibilities that the Government itself ought to shoulder', but the Government would seek to discuss problems with the trade unions before it reached conclusions on them. Although this involved the trade unions in a process that was very time-consuming for both sides, he believed that it stood more chance of bringing Britain through a very difficult transitional three years than any other policy that existed. There was 'nothing magical' about the social contract, which was 'based on mutual respect and on a recognition of the fact that no Government in a

[1]This was an agreement in February 1973 (see p 271, 1974) under which the Labour Party undertook, when returned to power, to maintain free collective wage bargaining without statutory control, to control prices, to help the lower-paid and pensioners and to aim at full employment; while the TUC acknowledged the responsibility of trade unions to limit pay claims in line with increases in the cost of living. Since the present Government took office in March 1974 counter-inflation policy has been related to the social contract.

complex industrial society like Britain could govern without the understanding and consent of the trade union movement'.

Government's Industrial Strategy

Representatives of the Government, management and trade unions met at the National Economic Development Council (NEDC) on 7 July to consider first reports submitted by 39 tripartite working parties on particular sectors of British manufacturing industry. The reports were commissioned at the NEDC's meeting in January and form the first stage of the Government's industrial strategy (see pp 73-5); the sectors they cover, listed at the end of this article, represent about 60 per cent of total manufacturing output. The working parties were asked to concentrate initially on problems which might affect industry's ability to benefit from an upturn in the economy, to recommend appropriate action and also to develop strategies for improving the sectors' long-term performance. Over thirty of the reports have been published (by the NEDC), the remainder being confidential.

After the NEDC meeting, the Prime Minister, Mr James Callaghan, said that there was sufficient identity of view between the Government and the two sides of industry – the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) – for their representatives to meet and to affirm publicly the points in the industrial strategy on which they were agreed, and he emphasised that this was a noteworthy advance. He said that in order to meet the world recovery of trade the Government was giving priority to manufacturing industry and to its profitability – provided the profits were invested in new plant and machinery; this would in turn create or preserve employment.

For the first time, the Government formally reported the outcome of the NEDC meeting to Parliament (*Hansard*, 8.7.76, cols 1617-25). The Secretary of State for Industry, Mr Eric Varley, emphasised that the prime aim of the Government's industrial strategy was 'to put Britain on the path to a high-wage, high-output, full-employment economy', by improving productive potential and the performance of manufacturing industry. He said that the Government would be considering the action it would need to take; the National Enterprise Board, planning agreements, the Manpower Services Commission, the schemes to encourage and accelerate investment, and other instruments of policy would all be of importance. The TUC and the CBI had both undertaken to play their part. The working parties themselves would also have an important role in following up their action. Detailed proposals for the second stage of the strategy would be considered at the NEDC's next meeting and it was intended that the sector working parties would report again by the end of the year. The tripartite approach to industrial strategy, Mr Varley said, had made an encouraging start.

Analysis of Sector Reports

In an introductory memorandum[1] put before the NEDC meeting, the Chancellor of the Exchequer, Mr Denis Healey, and Mr Varley describe the four main themes emerging from the reports of the sector working parties.

First, there is the problem of shortages of supply in the immediate future, which can affect industry's ability to respond to increased demand for certain products. Secondly, there is the need to provide more industrial capacity and to use existing capacity better, so as to improve industry's response rate to changes in levels of demand and reduce unit production costs. Thirdly, there is the problem of ensuring a better use of manpower, so that the quality of products can be maintained and shortages of skilled manpower avoided. Finally, there is the need to improve the competitiveness of British industry and so increase its penetration of overseas markets and its capacity to resist imports at home.

The introductory memorandum says that the Industrial Strategy Staff Group, on which Government, the CBI, the TUC, the nationalised industries and the National Economic Development Office are all represented, will continue to supervise the work of monitoring action on recommendations and of reporting to the NEDC. The NEDC will have the larger problem of ensuring that recommendations it has approved do lead to effective action and of considering how the Government can build on the success of the strategy's first stage. The second stage will involve consideration, sector by sector, of questions at the heart of industrial policy: notably, increased competitiveness and the scope for increasing Britain's share of the market at home and abroad; the volume and location of new investment, both for modernisation and for expansion, and the steps necessary for ensuring it; and the areas of industrial activity which can profitably be expanded to generate additional employment in the years immediately ahead.

Published with the Government's introductory memorandum is the memorandum by the Industrial Strategy Staff Group to the NEDC meeting. This provides an analysis both of the problems facing the selected industries and of the sector working parties' recommendations for action. After pointing out that the general economic environment at home and abroad is now favourable to an expansion of British industrial activity and that the opportunity exists for achieving an export-led growth at a steady, sustainable rate, the memorandum goes on to discuss capacity and investment; finance; manpower; competitiveness, productivity, technology and structure; and market penetration.

Assistance and Proposed Action

There are two annexes to the analysis of the sector reports. The first summarises action which the Government is taking to remove short-term constraints and increase capacity for the upturn. The second gives a summary by major industrial sectors of the strategic issues raised in the sector working party reports, followed, for each main area, by a

[1]Obtainable from the National Economic Development Office, Millbank Tower, Millbank, London SW1P 4QX.

list of the working parties' main recommendations for action.

Assistance by the Government under the Industry Act 1972 is enabling a variety of capital projects to proceed in many areas of likely capacity shortage identified by the sector working parties. The assistance is provided under Section 8 of the Act by the accelerated projects scheme (see p 74) or sectoral industry schemes and also under Section 7, which provides selective assistance to assisted areas. The total cost of applications approved or under consideration in the accelerated projects scheme is £322 million. This is subdivided into £10 million for steel projects; £46 million for diesel engines; £20 million for electric motors; £36 million for ball bearings, foundry equipment and other products; £25 million for paper and packaging; and £185 million for plastics, semi-conductors, petrochemicals and special chemicals.

The assistance is additional to aid previously announced for ferrous foundries, machine tools, and clothing, for which a total of £10·25 million has so far been offered towards project costs. By the end of June, assistance of £55 million had been offered or approved to help 63 projects under the accelerated project scheme. These projects are expected to generate investment totalling nearly £400 million during the next five years and should help the balance of payments by nearly £200 million in 1978 and by about £300 million in 1980. Another 146 applications are being considered for help with projects costing £563 million.

Action is also being taken to increase the Government's training efforts to help to increase the mobility of workers and help to preserve the workforces where redundancy is threatened because of the recession (see p 114). Measures include finance for apprenticeships, for the training opportunities scheme, for the employment transfer scheme and for the temporary employment subsidy. All these measures will contribute to easing shortages of skilled people identified by many of the sector working parties.

The major industries covered by the second annex are chemicals, iron and steel, mechanical engineering and foundries, electrical engineering and electronics, textiles, food and drink, paper and board, and rubber processing. The main problems for each industrial sector are outlined, and lists of some 350 recommendations and of 'action in hand or other response' have been drawn up by officials in the light of the working parties' reports. About half of the recommendations are for Government action and the remainder for action by management, trade unions and the sectoral groups themselves.

Sectors Covered by Working Parties

The list of 39 sectors differs slightly from the original list drawn up in January (see p 74). Three important sectors were excluded from study: mineral oil refining, because discussions were already taking place with the oil companies, and shipbuilding and aerospace, which are covered by the organising committees preparing for nationalisation (see pp 25-7). On the other hand, some of the sectors originally listed, for example mechanical machinery, had to be subdivided in order to provide coherent sectors for discussion of problems and opportunities. There are so far no reports for bearings or gear transmission equipment, and reports produced for industrial engines, construction equipment, industrial trucks and mining machinery are to remain confidential. The following industries are listed for study in relation to the industrial strategy:

food and drink industries; organic chemicals; pharmaceuticals; plastics; synthetic rubber; iron and steel; ferrous foundries; non-ferrous foundries; machine tools; pumps and valves; process plant fabrications; fluid power equipment; industrial engines; textile machinery; construction equipment; mechanical handling equipment; industrial trucks; office machinery; mining machinery; printing machinery; heating and ventilating; food and drink packaging; constructional steelwork; bearings; gear transmission equipment; drop forgings; scientific instruments; electronic components; electronic computers; radio, radar, etc; heavy electrical machinery; industrial equipment; domestic electrical; man-made fibres; wool textiles; hosiery and knitwear; clothing; paper and board; rubber.

Price Code Changes

Certain changes in the Price Code and associated Orders came into effect on 1 August, following Government consultations with interested parties on the proposed modifications published in June (see p 283).[1] Giving details of the changes to the House of Commons (*Hansard*, 22.7.76, written answers, cols 540-1), the Secretary of State for Prices and Consumer Protection, Mrs Shirley Williams, said that in considering the representations made to her she had had principally in mind the urgent need in the coming year to promote investment and to pay for a higher level of production.

Brief details of the main changes are given below.

Investment Relief

To encourage firms to accelerate their investment plans, the rate of investment relief (that is, the proportion of the costs of new investment which may be reflected in current prices) has been raised from 20 per cent to 50 per cent.

Depreciation

Allowances for depreciation in the calculation of profits for the purposes of price control are to be brought nearer to actual replacement costs than was originally intended, by allowing a 40 per cent mark-up on the original cost of an asset.

Treatment of Interest

Under the previous code firms could treat interest payments as a cost which might be reflected in prices and the calculation of net profit margins. In view of the fact that this gave an advantage to firms

[1]The Orders are *The Counter-Inflation (Price Code) Order 1976* (HMSO, 65p, ISBN 0 11 061170 5), *The Counter-Inflation (Notification of Increases in Prices and Charges) Order 1976* (HMSO, 30p, ISBN 0 11 061171 3) and *The Counter-Inflation (Prices and Charges) (Information) Order 1976* (HMSO, 28p, ISBN 0 11 061172 1).

which raised money by fixed interest borrowing rather than by new share issues, firms now have a once-and-for-all option to choose whether to continue with the previous system or to disregard interest for the purposes of price control.

Productivity Deduction

The productivity deduction (see p 473, 1974) applies to all contracts only in respect of increases in labour costs arising before 1 August 1976.

Other Changes

Other changes in the code relate to the categorisation of firms for the purposes of price control, retrospective recovery of cost increases, price flexibility, profit recovery, staged price increases and stocks.

Overseas Direct Investment

The main results of the Department of Industry's detailed inquiry into private direct investment and Britain's earnings from it in 1974, together with provisional results for 1975, were given in *Trade and Industry* on 25 June (HMSO, 25p, ISBN 0 11 724580 1).

Table 1 sets out the main aggregates of private direct investment and earnings for the period 1965-75. After a small decrease in outward direct investment between 1973 and 1974, a sharp fall of nearly £500 million is estimated to have occurred between 1974 and 1975. The earnings on outward direct investment rose by nearly £100 million to an estimated £1,609 million in 1975; this compares with a rise of £50 million between 1973 and 1974. One of the major factors in the recent growth of earnings has been the continuing effective devaluation of sterling.

Inward direct investment in 1974 is estimated to have fallen by over £250 million (a decrease of 32 per cent) to below its level in 1973, following a 17 per cent increase of over £100 million between 1973 and 1974.

The main components of direct investment include unremitted profits, net acquisition of share and loan capital, changes in branch-head office indebtedness (including net trade credit extended) and changes in inter-company indebtedness (including net trade credit extended, and net borrowing from financial subsidiaries in the case of outward investment).

Outward Investment

All main components of outward direct investment, other than net acquisition of share and loan capital, rose between 1973 and 1974. The fall in the latter component, which was caused by a decrease in the number of large acquisitions and a relatively small depreciation of sterling in 1974, more than offset the small increases in unremitted profits and intercompany indebtedness and a larger increase in branch-head office indebtedness. Estimates for 1975 show a decrease in all main components except unremitted profits.

As in previous years, companies continued in 1974 to borrow funds raised by foreign subsidiaries in the international finance market. Most of the funds were re-directed by British parent companies to affiliates in other parts of the world. Companies themselves also borrowed substantial funds abroad to finance their direct investments; such borrowings, whether in the form of Euro-dollar borrowing from British banks or direct borrowing abroad, were not covered in this inquiry.

Inward Investment

The rise in inward direct investment between 1973 and 1974 was due to increases in net credit received and net acquisition of share and loan capital. The number and value of large acquisitions was smaller in 1975, and there was an estimated fall in the acquisition of share and loan capital, which was

Table 1 **Private Direct Investment and Earnings**

£ million

	1965	1970	1973	1974	1975 p
Net annual investment					
Outward†:					
Unremitted profits	167	322	847	861	923
Other investment	142	224	781	734	201
Total	308	546	1,628	1,595	1,124
Inward‡:					
Unremitted profits	118	179	316	225	267
Other investment	79	175	366	572	272
Total	197	354	682	797	539
Net earnings:					
Outward†	400	710	1,462	1,512	1,609
Inward‡	235	360	654	567	593

p provisional.
† Excluding oil companies.
‡ Excluding oil companies and insurance.
Note: Discrepancies between totals and their constituent parts are due to rounding.

Source: *Trade and Industry*.

reflected in a fall in inward investment from its 1974 level, despite a small increase in unremitted profits.

Area Analysis: Outward

A geographical analysis of outward investment shows that, within developed countries, investment fell as a whole by nearly £50 million in 1974, while a large fall in investment in the European Community and Canada was partially offset by a small increase in the United States of America and an increase of nearly £100 million in South Africa and Namibia (South West Africa). Investment in developing countries, which has been increasing since 1971, showed a small rise in 1974.

Table 2 shows that the major part of the increase in earnings from direct investment in 1974 came from

Table 2 **Overseas Earnings 1970-74**

£ million

	1970	1972	1973	1974
Developed countries	483	663	1,074	1,032
North America	144	214	301	313
of which				
United States	99	137	193	191
Western Europe	127	186	338	302
of which				
EEC†	101	149	276	270
EFTA‡	25	37	62	32
Other countries§	212	263	435	417
of which				
Australia	95	128	225	169
South Africa and Namibia	88	88	163	217
Developing countries	227	252	388	481
Commonwealth	156	165	242	312
of which				
India	28	26	28	38
Ghana	7	9	6	6
Nigeria	16	29	36	43
Malaysia and Singapore	39	33	61	80
Other countries	71	87	146	169
All areas	710	915	1,462	1,512

† Excluding Denmark and the Irish Republic in the years 1970–72.
‡ Including Denmark in the years 1970–72.
§ Including the Irish Republic in the years 1970–72.
Note: Discrepancies between totals and their constituent parts are due to rounding.

Source: *Trade and Industry*

Table 3 **Area Analysis of Inward Investment and Earnings 1970-74**

£ million

	Net investment				Net earnings			
	1970	1972	1973	1974	1970	1972	1973	1974
United States	223	252	361	370	264	376	479	366
Other countries	131	132	321	427	96	147	175	201
of which:								
Australia	10	4	8	8	5	7	10	11
South Africa	19	26	–11	19	4	11	11	13
Canada	13	–17	29	62	25	12	22	43
Denmark	3	3	3	2	2	3	—	—
Sweden	2	5	17	20	3	10	11	13
Switzerland	17	30	28	55	23	30	35	21
Belgium and Luxembourg	6	2	24	5	1	10	10	12
France	1	16	25	23	6	14	15	20
Italy	4	7	16	5	—	—	–1	2
Netherlands	25	6	16	10	16	26	24	16
Federal Republic of Germany	15	5	16	32	1	3	8	6
All areas	354	384	682	797	360	523	654	567

Source: *Trade and Industry*

developing countries where all main areas and countries contributed higher earnings than in 1973. Most of the main areas and countries in the developed world contributed lower earnings in 1974 than in 1973 except for Canada, South Africa and Namibia (South West Africa), where an increase of over £50 million was recorded.

Area Analysis: Inward

Table 3 gives an analysis by geographical area of inward investment and earnings for the period 1970-74. Investment from the United States of America represented just under half of total investment, a smaller proportion than in previous years. Large increases in investment came from South Africa, Canada, Switzerland and the Federal Republic of Germany. Investment from other member countries of the European Community as a whole increased by only £6 million.

Earnings of affiliates of United States companies decreased by over £100 million between 1973 and 1974 and accounted for only 65 per cent of total earnings, less than in the previous four years. There was little change in earnings attributable to companies in other member countries of the European Community; but those of Canada almost doubled.

Scope and Coverage of the Inquiry

More than 2,000 approaches were made to companies for details of inward and outward direct investment and the earnings from it in 1974, similar to the number approached in the previous inquiry relating to 1973. More than 950 companies were approached in respect of outward investment and about 1,050 in respect of inward investment. All sectors of industry were approached with the exceptions of oil companies and foreign-owned insurance companies. As well as registered companies, the figures for outward investment and earnings cover certain overseas transactions of a number of public corporations, namely the British Steel Corporation, British Airways and the Gas Council.

Just over two-thirds of the companies approached in the inquiry (representing an even higher proportion of total overseas earnings and investments) responded in full to the inquiry (response to which was voluntary), and returns for a substantial proportion of the remainder could be constructed from accounting and other information. The estimates in the tables include allowances for non-respondents and for those companies not currently approached because of the low level of their overseas investment. In general, the estimates for all countries and for broad geographical areas will be proportionately more accurate than those for individual countries.

For the purpose of this inquiry, private direct investment was defined as investment by companies in overseas branches, subsidiaries and associates (collectively described as affiliates). It does not cover portfolio investment, that is, other investments in the stocks and shares of companies, or in the bond issue of public authorities.

Direct investment covers a wide range of transactions, including the establishment of new subsidiaries and branches, the acquisition of a controlling interest in existing overseas concerns, the acquisition of a trade investment; (that is, the purchase of a non-controlling interest in an existing concern), additions to holdings of share and loan capital of existing subsidiaries and associates, additions to working capital, including increases in trade and other credit extended to affiliates, and the value of goods supplied without payment. It also includes the investing company's share of profits retained by subsidiaries and associates.

Net investment is a financial concept; it differs from the growth of the affiliates' net assets (and of its fixed assets), part of which may be financed by shareholders other than the overseas parent or associated company, or from funds raised locally without an additional capital call on the parent or associate.

Direct investment also includes a number of transactions which do not involve a transfer of cash; for example, if a British company acquires (or is acquired by) a foreign company by means of an exchange of shares, the direct investment resulting from the transactions will be offset by an equivalent portfolio investment. Although there is no flow of funds from the point of view of private investment as a whole, a direct investment asset or liability is acquired, together with an equivalent portfolio liability or asset.

Youth Unemployment

Further measures to help with the serious problem of unemployment among young people were announced by the Secretary of State for Employment, Mr Albert Booth, on 3 August (*Hansard*, cols 1440-3).

Mr Booth explained that the Government had already taken a number of measures (see p 247) with this end in view, which could be helping as many as 100,000 young people in the autumn of 1976. However, more needed to be done and the Government had decided to take further action. Nevertheless, in present circumstances young people who were reaching school-leaving age and who had no job to go to, or who had already left school and who had been unable to find a job, would be well advised to consider continuing their education. Mr Booth added that particular help needed to be directed to those who had already been unemployed for some time.

Recruitment Subsidy for School-leavers

The £5 recruitment subsidy for school leavers (see p 409, 1975), which would end on 30 September 1976, would be replaced by a new youth employment subsidy of £10 a week, which would be paid for up to six months to any private sector or nationalised industry employer recruiting a young person under 20 who had been registered as continuously unemployed for six months or more. The scheme would be limited to engagements during the six months from 1 October 1976 to 31 March 1977.

Mr Booth explained that the present subsidy had been paid in respect of 29,000 school-leavers, but

experience of the scheme suggested that better results were likely to be achieved by concentrating the subsidy on all longer-term unemployed young people. The cost of the new scheme was estimated at £5·4 million for the six months that it would run, and the numbers assisted were likely to be as great as those who had been helped by the present scheme.

Training Courses

The Manpower Services Commission (MSC) had decided that it would be possible, within their existing programme, to increase by a further 3,000 during 1976 the number completing training courses that were specifically directed towards the needs of unemployed young people below skilled level.

Work Experience Programme

The MSC was urgently working out arrangements for a 'work experience' programme designed to give young people a realistic introduction to the requirements, disciplines and satisfactions of working life. Both the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) had indicated their full support for a programme of this kind. Projects would be provided by employers – including the nationalised industries – but the costs of allowances to the young people concerned, which would be linked to the Training Services Agency's allowances to young trainees, would be met by the MSC. Opportunities for training and further education would be incorporated into projects to the maximum extent possible, and there would be consultation with individual local authorities to this end.

To ensure that projects did not in any way displace normal recruitment of trainees, employers would be required to give an undertaking to this effect, and their proposals would have to have the agreement of trade union representatives in their organisations. The programme would be open to unemployed young people in the 16-18 age group who would benefit from an opportunity to learn about working life at first hand and gain systematic practical experience of a range of different tasks. Mr Booth said that, though it was difficult to estimate precisely how many young people might benefit from the programme, perhaps 30,000 would do so, and he would welcome it if this number were exceeded. The MSC would aim to launch the programme, which would be additional to and separate from the job creation programme and from Community Industry (see pp 28-9), in September 1976, have it open for applications by employers until the end of March 1977 and have all schemes completed by the end of September 1977. The cost was estimated at £19 million, of which about half was expected to be offset by savings on unemployment and supplementary benefits.

Additional Points

Mr Booth went on to say that in reaching these decisions on expanded training and the proposed work experience programme, the Government had taken into account the possibility of assistance from the European Social Fund, which gave a high priority to new methods of helping unemployed young people who had never had a job to equip themselves for employment. The Secretary of State for Northern Ireland would be announcing corresponding measures to be taken in Northern Ireland.

Taken together, the new measures should help about 60,000 young people to obtain jobs, training or work experience in the course of the next 12 months; these would be additional to the many young people who would be assisted under existing schemes.

Early Retirement

In addition to these immediate measures, the Government was urgently considering whether a scheme could be devised to enable older workers who were very close to pensionable age to leave employment and so release jobs for younger unemployed people; they would then receive an allowance from the Government until they reached normal pensionable age. Such an allowance would be conditional on the employer undertaking to recruit a replacement from the unemployment register and the stipulation that the worker released did not enter further employment or claim unemployment benefit while in receipt of the allowance. A scheme might last for six months and be concentrated on the assisted areas (see p 388, 1974), which accounted for 75 per cent of unemployment in Britain. There were, however, substantial difficulties about the operation of such a scheme and it was not certain that practicable and cost-effective arrangements could be worked out; the Government would therefore be consulting the TUC and the CBI on the matter and would report to Parliament in due course.

Concluding Remarks

Mr Booth concluded by saying that as a result of renewed growth of output with the development of the Government's economic and industrial strategy, unemployment should begin to move down later in the year. However, the level of unemployment among young people was now so high that the Government considered it socially and economically necessary to introduce these further temporary and selective measures in order to ease the transition. 'It would be wrong to leave so many young people to suffer long periods of unemployment at the very beginning of their careers when much can be done to help them obtain jobs, training or useful work experience.'

Steel Industry

Some recent developments concerning the British Steel Corporation (BSC) are summarised below. They include the corporation's annual report and a statement by the Secretary of State for Industry on capital investment in the steel industry in Wales.

BSC ANNUAL REPORT

In sharp contrast with the profits achieved by the British Steel Corporation in the preceding three years, a deficit was announced by the corporation in its annual report and accounts[1] for the financial year ended 3 April 1976, published on 28 July. Turnover rose from £2,256 million in 1974-75 to £2,357 million in 1975-76, and the deficit after taxation amounted to £255 million, compared with a profit of £89 million in 1974-75. This loss, says the report, and the major losses experienced by many other world steel companies, including some Japanese companies, largely reflected the exceptional world-wide trade recession, of a severity unknown for over 40 years.

The corporation's objective in 1976-77 is to recover to a break-even position. This, the report states, will depend both on the expected upsurge in the economy generally, and on the successful continuation of the corporation's efforts in improving the efficiency of its own operations.

Financial Result

The corporation's deficit in 1975-76 of £255 million, after provision of £43 million in respect of redundancy costs incurred as a result of the general decrease in manning levels and of £30 million for the effect of certain changes in exchange rates, reflects exceptionally depressed British and world demand, rapidly falling export prices and severe import competition. These factors had a particularly severe effect on the corporation's strip mill division. However, the eventual deficit represented a reduction on earlier forecasts and the improvement can be attributed to the successful implementation of the cost reduction and loss avoidance programmes; to benefits accruing from the policies agreed with trade unions; to improved manufacturing performance combined with increased deliveries towards the end of the year; to the release from a number of detrimental fixed price contracts; and to other cost reduction measures.

In view of the deficit, the corporation has proposed to the Secretary of State for Industry that no dividend should be paid on its Public Dividend Capital in respect of 1975-76.

During the year great efforts were made to reduce costs throughout the corporation. Savings of over £28 million were achieved as the corporation pursued its continuing cost reduction programme, which is aimed at the more efficient use of resources over the full range of the corporation's activities. The emergency loss avoidance programme, introduced to combat the severe trade recession, yielded savings of £170 million on, among other things, employment costs, engineering works and services, and supplies and production control.

Borrowing Limit

Under the terms of the Statutory Corporations (Financial Provisions) Act 1975 the corporation's borrowing limit was increased from £1,250 million to £2,000 million. As at March 1976, the corporation's borrowings against that limit stood at £1,391 million.

Sales and Production

The report says that demand for steel, both in Britain and overseas, was at a low level during most of the year. However, by March 1976 deliveries were at the highest level for a year, and steel consumption in Britain in the quarter ending in March was some 6 per cent higher than in the quarter ending in December 1975.

Imports continued to represent a major problem, particularly as regards strip mill products, although by the end of the year commercial action to reduce import levels showed signs of succeeding and the corporation's market share had started to recover.

Despite the reduced world demand for steel, strenuous efforts resulted in a small increase in export sales to 2·2 million product tonnes, compared with 2·1 million product tonnes in 1974-75.

Liquid steel production in the year totalled 17·2 million tonnes compared with 20·8 million tonnes in 1974-75. A number of steel works achieved record output figures in particular departments – for example, iron-making at Port Talbot – at various times during the year despite the general effect of the recession.

The corporation considered a range of measures designed to improve the level of production at low-cost works during the recession, and it was decided that the introduction of a counter-cyclical stocking scheme would bring immediate benefits by helping to maintain production (and reduce financial loss) and employment whilst also avoiding higher raw materials prices and labour costs in future years. Subsequently the corporation and its customers would gain advantage through demand being satisfied that might not otherwise have been met. Counter-cyclical stocks for the period to the end of March 1976 amounted to 282,000 tonnes liquid steel equivalent, and £39 million of Government finance was made available to finance the scheme.

Two major overseas investments took place during the year to secure future supplies of raw materials. These were the first of their kind since nationalisation. They were made through the corporation's subsidiary, BSC (International) Limited. The first investment was an agreement with Sidbec and the Quebec Cartier Mining Company relating to the joint development of an iron ore mining and pelletising project in Quebec, and the second involved participation in the equity of a company, Consolidated Metallurgical Industries Limited, established in South Africa to produce charge chrome for export, of which the corporation will receive some 10,000 tonnes a year.

British Steel Corporation (Industry) Limited

In October 1975 the corporation established a new, wholly-owned subsidiary company, British Steel Corporation (Industry) Limited, to augment the efforts of Government and local authorities in attracting new employment to areas where, as a result of the development strategy, the corporation would be reducing its manpower. The company will absorb, concentrate and expand the corporation's

[1] *British Steel Corporation.* Annual report and accounts 1975-76. BSC. HMSO, £1. ISBN 0 901894 51 6.

existing work of encouraging other industries to develop in steel closure areas.

Capital Development

Capital expenditure in 1975-76 amounted to £530 million, considerably higher than the previous record level of £311 million in 1974-75. The increase reflected the severe impact of inflation on the cost of plant and equipment, which was at a higher rate than the general level of inflation in Britain, but nevertheless represented a substantial increase in activity in real terms.

Among the major development schemes in progress is a new ore and coal import terminal at Hunterston in Scotland. This scheme includes one of the largest deep-water jetties in the world, for which orders totalling £57 million have so far been placed. Hunterston's industrial potential will be developed further by the construction there of two direct reduction plants, the first in the United Kingdom, costing £57 million and capable of producing 800,000 tonnes of pellets a year. The Stage III development at Ravenscraig, also in Scotland, progressed and the first single strand continuous slab casting machine was successfully commissioned. Approval was given to proposals to rebuild coke ovens and hot blast stoves at the works and to construct a third continuous casting plant. The first stage of a new coke oven complex at Scunthorpe, costing £68·6 million, is under construction while another scheme in progress is the 10,000-tonnes-a-day blast furnace, coke ovens and supporting services at the south Teesside plant. Work has started on the coal handling, blending and stocking facilities and the replacement coke ovens at Port Talbot in Wales and construction of Phase I of the tinplate development at Ebbw Vale is well advanced. Plant commissioned in Llanwern in Wales during the year included a new sinter strand and coke oven battery as well as a new blast furnace which will be the largest in Britain. Other investments were made to increase production of threaded casing and of small welded tubes.

Environmental Expenditure

Schemes approved by the corporation to improve pollution control included the provision of the first phase of an effluent disposal system at Port Talbot, costing nearly £5 million; an aqueous effluent disposal system at Ravenscraig, at a cost of approximately £3 million; and waste gas cleaning equipment at the Bilston works in the English Midlands at a cost of £4·2 million. Capital expenditure on specific environmental schemes in 1975-76 amounted to £22 million (although this did not include the cost of environmental elements in major development schemes) and is expected to continue at a substantial level in the coming years.

Personnel and Social Policy Aspects

In view of the economic recession a series of discussions were held during the year between the corporation and the Trades Union Congress Steel Industry Consultative Committee (TUCSICC) and the National Craftsmen's Co-ordinating Committee (NCCC) designed to reduce employment costs and to improve labour productivity. These discussions culminated in a Joint BSC/TUCSICC/NCCC Statement in January 1976. This national enabling agreement, the report says, is regarded by the corporation as of major significance because it opened the way for plant level negotiations designed to reduce manning, by natural wastage and voluntary redundancy as far as possible, to meet the economic recession, while securing further reductions aimed at achieving productivity levels comparable with the best international standards.

The number of employees at the end of 1975-76 was 210,200, compared with 228,300 at the end of 1974-75.

Research and Development

Expenditure by the corporation on research and development, including the provision of technical services by the research laboratories, totalled £21 million in 1975-76. Priority continued to be given to research into ways of achieving energy savings – for example, a major campaign was started to increase the recycling of lubricating and hydraulic oils from the present volume of 1·2 million gallons to 1·8 million gallons a year and also to recover 5 million gallons for use as fuel oil.

A major proportion of the corporation's divisional laboratories' programmes during the year was devoted to cost reduction, with particular emphasis on steelmaking and on the operation of continuous casting plants. Research staff also worked closely in support of the capital investment programme – for example, the establishment of operating practices for the sinter and pellet plants at Redcar. Important areas for research support were the improvement of product quality and the co-operation with customers in product development, such as stainless, free-cutting steels, high-strength pipelines and electroslag products.

The corporation has also continued to play an important role in the activities of the European Nuclear Steelmaking Club, established to define a strategy for the application of nuclear energy to steelmaking.

PORT TALBOT AND SHOTTON STEEL WORKS

The Secretary of State for Industry, Mr Eric Varley, made a statement in the House of Commons on 19 July on capital investment in the steel industry in Wales (*Hansard*, cols 1283-9). Mr Varley said that the Government had been faced with a very difficult and complex decision over the British Steel Corporation's proposals for major developments at Port Talbot and for the closure of steelmaking at Shotton (see pp 69-70 and 364-5, 1975). The corporation's plans and several alternative schemes had been most carefully examined in the light of the many representations made to the Government from the areas concerned. It was the Government's view that the assumptions about capital costs and market prospects which lay behind the corporation's proposals required a thorough re-examination in the light of inflation and of market prospects as the steel industry recovered from the severe recession of 1975.

Mr Varley had therefore asked for, and the corporation had agreed to carry out, a further

review both of its own proposals and of alternative schemes involving continued steelmaking at Shotton, taking account of the latest available information. The review would take some time to conduct in the necessary depth and detail, and the Government had therefore proposed to the corporation that it should undertake, without awaiting the review, those elements of its proposed investment at Port Talbot which would not prejudge in any way the decision on the future of steelmaking at Shotton.

The Secretary of State said that the corporation had informed him that it was willing to proceed on this basis with the second phase of the coke oven replacement scheme, of which a first phase was authorised in February 1975. This scheme would reduce pollution in the vicinity of the works and would contribute to operating efficiency. It was also prepared to consider the economic and operational feasibility of introducing some continuous casting to feed the existing mill at Port Talbot, giving some improvement in product quality. The new coke ovens and the continuous casting machine, together with necessary modifications to the steelmaking, scrap and slab handling facilities, would represent an investment of about £100 million in total.

The Government had informed the corporation of its readiness immediately to authorise expenditure of a further £250 million for the proposed new hot strip mill at Port Talbot. The corporation had agreed to consider this proposal within the re-examination that it had undertaken to carry out.

Energy Conservation

Further measures to promote energy conservation were announced by the Government on 28 July in a White Paper containing its reply to the report on energy conservation of the Select Committee on Science and Technology.[1] They include the formation of a committee of ministers to encourage energy conservation, more help for smaller firms and continuation of the Government's publicity campaign.

Role of the Government

The White Paper notes that energy conservation is of continuing importance to Britain and is being actively pursued by Britain and the other members of the European Community and the International Energy Agency. Britain's energy conservation programme (see pp 480-1, 1974) has already achieved savings in primary energy consumption, which amounted to at least 2 per cent of primary consumption in 1975, and the Government believes that further worthwhile savings should be pursued, provided this is undertaken in a balanced way as a contribution to the efficient use of resources as a whole.

In the light of the select committee's report the Government has carried out a review of the progress made and of the most profitable future lines of developing its programme. The White Paper says that there are limits on the role the Government can play and that the attention given to energy conservation should not use resources that would be more profitably devoted to other aspects of efficiency. The appropriate role for the Government is: to ensure that energy prices reflect at least the costs of supply; to provide clear and accurate information on the means of achieving economies; to set a good example; to ensure that there are opportunities for training in fuel management and energy audit techniques; to ensure that research and development in the fuel industries adequately reflect the technological opportunities for greater efficiency in energy use within these industries; to encourage the development of standards and codes of practice relevant to energy conservation; and to introduce mandatory measures where necessary, although the Government prefers to encourage voluntary codes of practice.

Organisation

The Government does not believe that energy conservation responsibilities should be separated from departments and brought together under a central 'task force', as the committee suggested, because it considers that Government decisions, as in the private sector, should be taken by balancing energy conservation against all other factors. However, the Government agrees on the need for commitment to conservation and effective co-ordination of Government responsibilities, and one of the two Parliamentary Under-Secretaries of State in the Department of Energy, Mr Gordon Oakes, has been given a special responsibility for energy conservation, and similar appointments have been made in other departments where energy conservation is relevant. A committee composed of these ministers has been set up to promote energy conservation within and outside the Government. The departments most directly involved apart from the Department of Energy are the Departments of the Environment, Industry, Education and Science, Employment, Health and Social Security, and Prices and Consumer Protection; the Ministries of Agriculture, Fisheries and Food, and of Defence; the Home Office; the Scottish Office; the Welsh Office; and the Foreign and Commonwealth Office. The Treasury will keep in close touch with the work.

Ministers will continue to have the advice of the Advisory Council on Energy Conservation. The centre within the Department of Energy for stimulating, co-ordinating and reviewing action on energy conservation in the public and private sectors is its Energy Conservation Unit, established in mid-1975. Similar principles apply to the organisation of research, and the Department of Energy is to remain responsible for co-ordination across the public sector.

Industry

The Government intends to extend and develop its provision of information, advice and financial assistance to industry within the severe constraints on public expenditure (see p 326). Departments

[1] *Energy Conservation.* The Government's Reply to the First Report from the Select Committee on Science and Technology, Session 1974-75. Cmnd 6575. HMSO, 30p. ISBN 0 10 165750 1. For publication details of the committee's report see p 456, 1975.

have made many contacts with industry, where there are significant opportunities for achieving higher standards of fuel efficiency through improved practices and investment, to encourage more positive attitudes at all levels and to facilitate the flow of information. Approaches are being made through the National Economic Development Council's economic development committees where the problems of, and opportunities for, energy conservation can be discussed on an industry-wide basis. The Government accepts the desirability of energy-saving targets which several firms and industries have adopted. It believes that basic practices of fuel efficiency should be achieved through voluntary codes of practice evolved by each industry and does not consider the creation of an inspectorate to enforce regulations to be necessary or desirable. The Department of Industry's Industrial Energy Thrift Scheme, under which experts visit firms to offer advice and discuss problems, and Energy Audit Scheme which, together with complementary studies by the Department of Energy's Energy Technology Support Unit, involves detailed examination of energy use in individual industries, are to be continued. The Energy Saving Loan Scheme, which is intended to ensure that energy-saving investment is not hindered by lack of funds, is to be extended to the commercial sector. To reinforce the assistance to small- and medium-sized firms, the Department of Energy is introducing a subsidy of up to £30 towards the cost of employing a consultant for a one-day visit, and is establishing a free inquiry service to be run by fuel consultants on the Government's behalf.

The training of managers, fuel technologists and other key staff is regarded by the Government, as well as by the committee, as an important priority. The Training Services Agency is examining through the industrial training boards the training provided in different industries and future plans, so that gaps can be identified and appropriate facilities established.

Buildings and Transport

Important work is proceeding on evolving new standards of thermal insulation for buildings, and the Departments of the Environment and of Energy are discussing with the construction industry proposals for future codes and standards. Thermal insulation requirements for new, altered or extended dwellings were roughly doubled in 1975, and the Department of the Environment has issued a discussion paper outlining possible new regulations extending these requirements to other buildings, such as hotels and hospitals, where people sleep, introducing requirements for insulation in offices and shops, and improving the requirements for factories. There is scope, the Government agrees, for considerable savings through the use of intermittent heating controls as part of a concerted and planned approach to energy consumption.

The Government accepts the committee's view that energy implications must be considered in reaching decisions on transport and related planning proposals but would not wish to see them given an overriding importance. Many planning objectives, such as compact housing developments close to shopping and employment, and local measures to restrict the use of cars, are consistent with minimising demand on transport resources, and most of the Government's transport policies meet the requirements of energy conservation. The Government is proposing in the Energy Bill at present before Parliament (see p 295) to take powers for the testing of fuel consumption of new cars.

Public Sector

The Government accepts the case for intensifying the efforts being made in the public sector to achieve energy savings, but does not see a case for special financial assistance to public bodies and is not prepared in the present economic circumstances to exempt energy-saving investment from the general constraints on public expenditure. It endorses the principle that local authorities should select heating systems for new houses on the most economic basis, taking account of both running and capital costs.

Publicity Campaign

Publicity to inform the public of how energy can be saved is considered to be an integral part of the energy-saving programme. The Government is satisfied that expenditure of £5·1 million on the vigorously conducted campaign between January 1975 and March 1976 represented value for money. A monitoring programme to measure the effectiveness of the campaign found that it made a significant impact on public awareness of the need for energy saving, increased awareness of the relative value for money of different energy-saving methods, and substantially raised demand for insulation materials and devices. During 1976-77 a sizeable promotional effort will continue, although at a lower level of expenditure than previously, and will be more sharply directed at the small- and medium-sized firms and at providing comparative cost information on different fuels.

Wider Issues

The Government endorses the approach outlined by the committee to assessing continuously the opportunities for energy conservation, so that energy policy can be directed towards creating an optimum balance between increasing supply and more efficient use. It agrees on the need for a coherent strategy for energy supply and use, and much has recently been done, as the committee noted. The Secretary of State for Energy intends to work towards an integrated energy policy in consultation with management, trade unions and consumers in the fuel industries and through wider public discussion. Consultations and discussions have already taken place, notably at the National Energy Conference in June (see pp 293-4).

SOCIAL AND CULTURAL AFFAIRS

Education Developments

STUDENT TUITION FEES

Proposed increases in tuition fees for home and overseas students, reflecting increased costs and the need for public expenditure savings, were announced in the House of Commons on 5 July by Mr Fred Mulley, Secretary of State for Education and Science (*Hansard*, written answers, cols 391-3). The proposals, which relate to the academic year 1977-78, would involve the abolition of the present differential between home and overseas students' fees at advanced level (mainly first degree level, or equivalent, and above).

Average tuition fees would be £650 a year for full-time undergraduate students and £750 a year for postgraduates (compared with 1976-77 figures of £150 to £180 for home students and £416 for overseas students). Home students receiving mandatory financial awards would not have to pay any tuition fees, and overseas students assisted under Britain's programme of aid to developing countries would have the increases met by the Ministry of Overseas Development.

In the case of non-advanced full-time education, said Mr Mulley, the abolition of the differential between home and overseas students' fees was not practicable. The proposed average tuition fees in 1977-78 would be £325 for overseas students and £125 for home students (compared with about £260 and £100, respectively, in 1976-77). Similar increases of about 25 per cent were being proposed on fees for part-time and evening courses, both vocational and non-vocational.

The Government had also concluded, Mr Mulley announced, that in present circumstances it could not accept the continued rapid rise in the number of overseas students coming to British educational institutions. The number had doubled from 31,000 in 1967-68 to 62,000 in 1974-75 and had increased further in the current year. He proposed to ask universities and local education authorities to stabilise the future intake of overseas students at recent levels.

NORTHERN IRELAND SECONDARY EDUCATION

A consultative document, *The Reorganisation of Secondary Education in Northern Ireland* (HMSO, Belfast, £1·35, ISBN 0 337 04070 2), has been published by the Government to provide an opportunity for widespread discussion on the question of non-selective comprehensive schooling in Northern Ireland. Although committed to the principle of comprehensive education, the Government has not yet taken any decisions on the policy to be adopted in Northern Ireland.

The document contains a report on the feasibility of reorganising secondary education in Northern Ireland along comprehensive lines within existing accommodation, together with an examination of the administrative, financial and legislative arrangements that would be necessary. Interested bodies and the general public have been invited to submit their views to the Northern Ireland Department of Education. In addition the Government intends to enter into consultations with the organisations that would be most affected by reorganisation, and proposes to set up working parties to consider particular issues. It is hoped that consultations, discussions and working party reports will be concluded early in 1977.

Under present legislation there are two types of grant-aided secondary school in Northern Ireland: intermediate, including technical intermediate, which provide free education; and grammar which charge fees. There are 184 secondary (intermediate) schools and 80 secondary (grammar) schools. The majority of children who enter grammar schools at 11-plus receive publicly provided scholarships awarded on the basis of a selection procedure; in general, those children who do not qualify for scholarships enrol at intermediate schools.

FUTURE SCHOOL POPULATION

The latest school population projections, which indicate a decline in pupil numbers beginning in the late 1970s and continuing into the 1980s, are contained in *The Future School Population*, Report on Education No 85, published by the Department of Education and Science.[1] The report, which relates to publicly maintained primary and secondary schools in England and Wales, sets out the latest (1975) projections of births prepared by the Government Actuary's Department and the Office of Population Censuses and Surveys, and presents forecasts of the school population for the 1980s and 1990s. It indicates that, although the school population grew from 5 million in 1946 to 9 million in 1976, there will be a decline of between 1·5 million and

[1]Copies of the report are available free from Room 1/27, Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

2 million pupils during the late 1970s and 1980s followed by a possible increase in the 1990s.

The report recognises the hazards and complexities involved in making such projections, and emphasises that it was written as a contribution to future discussion and planning. However, it discusses some of the implications of its findings for the education service and, in particular, draws attention to their significance for determining the number of teachers and the teacher training system during the 1980s.

TEACHER TRAINING NUMBERS IN 1977-78

The number of admissions to teacher training courses in England and Wales in September 1977 will be limited to 22,000, the Secretary of State for Education and Science announced in the House of Commons on 23 June (*Hansard*, written answers, cols 528-9). He said that in view of the prospective over-supply of teachers he had decided that it would be wise to limit the entry in 1977 to 12,000 non-graduate students and 10,000 graduates. (This compares with a proposed total entry of nearly 32,000 students in September 1976.) In addition to the graduate entry, there will be a separate intake of not more than 500 students to specialist courses for intending graduate art teachers.

VOCATIONAL PREPARATION SCHEMES

A programme of vocational preparation schemes for young people aged 16 to 19 has been put forward in a statement, *Unified Vocational Preparation: A Pilot Approach*, issued jointly by the Department of Education and Science, the Department of Employment, and the Scottish and Welsh Offices.[1] Its purpose is to determine the forms of vocational preparation which will attract young people and gain the support of their employers. In collaboration with local education authorities and industrial training boards, about 20 pilot schemes will be launched with provision for some 6,000 young people a year. The schemes, lasting an average of 12 weeks full-time (or the part-time equivalent) will concentrate on 16- to 19-year-olds in employment, although some unemployed school-leavers will also be able to take part.

HIGHER EDUCATION MANAGEMENT STUDY

Proposals for a study of the type of management and control that would be most effective for higher education at both national and regional level were announced on 14 July.

In a speech to the annual conference of the Council of Local Education Authorities, the Secretary of State for Education and Science said that he proposed shortly to set up a small group under the chairmanship of Mr Gerry Fowler, Minister of State at the Department of Education and Science, to consider the system of management of public sector higher education (in the polytechnics and other colleges of further education) and how it could be co-ordinated with higher education at the universities. Nominations to the group, he said, had been invited from local authority associations and from bodies representing polytechnic and college staff, and he would be nominating about a third of the members.

WOLFSON FOUNDATION GRANT

A sum of £1 million has been made available over the next four years by the Wolfson Foundation (a registered charity which supports scientific and medical research and higher education) to assist loan-financed schemes for providing student residences at universities. Such schemes are based on the principle that part of the capital sum required is provided by a Government grant while the rest is borrowed. Grants from the foundation will normally be made to universities which, because of adverse circumstances such as high building costs or the high cost of borrowing, would otherwise find it difficult to put forward viable projects.

[1]Copies of the statement are available from the Department of Education and Science, Information Division, Elizabeth House, York Road, London SE1 7PH.

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

Welsh Administration. COI, FSB/B9.

Civil Service Expenditure. Savings of £95 million in Civil Service manpower and related expenditure in 1978-79 with details of reductions to be made in departments' expenditure were announced in the House of Commons by Mr Charles Morris, Minister of State in the Civil Service Department. (A reduction in expenditure of £140 million in 1978-79 was projected in the White Paper on public expenditure published in February – see pp 110-13.) The effect of these savings will be a reduction of about 26,000 in the originally planned staff of the civil departments for 1978-79; in addition some 20,000 United Kingdom-based posts are to be given up by April 1979 as a result of savings already announced in defence expenditure. *Hansard,* 29.7.76, written answers, cols 383-4.

Report of Her Majesty's Chief Inspector of Fire Services 1975. Cmnd 6530. HMSO, £1. ISBN 0 10 165300 X.

Coroners' Rules. The Government is setting up a working party to consider amendments to coroners' rules in the light of reforms recommended by the Brodrick Committee on Death Certification and Coroners (see pp 585-6, 1971 and p 380, 1975). *Hansard,* 29.7.76, written answers, col 342.

External Affairs and Defence

Trinidad and Tobago Republic (HL). An Act to make provision in connection with Trinidad and Tobago becoming a republic within the Commonwealth. Bill 217. HMSO, 12p. ISBN 0 10 321776 2.

Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the French Republic concerning the Establishment of a Representative Assembly for the New Hebrides. Cmnd 6533. HMSO, 45p. ISBN 0 10 165330 1.

Economic and Scientific Affairs

Some Recent Advances and Developments in Britain. COI, R5656/23.

Economic Survey of The Falkland Islands. Volume 1: *Resources and development potential.* Volume 2: *Strategy, recommendations and implementation.* July 1976. Prepared by the Economist Intelligence Unit Ltd. Available only from The Government Bookshop, 49 High Holborn, London WC1. £8.

Activities of OECD in 1975. Report by the Secretary-General, Organisation for Economic Co-operation and Development. Available through HMSO. HMSO, £2·20. ISBN 92 64 11522 6.

The British Aid Programme in 1975. Text of United Kingdom Memorandum to the Development Assistance Committee of the Organisation for Economic Co-operation and Development. Cmnd 6544. HMSO, 50p. ISBN 0 10 165440 5.

The World Food Crisis and Third World Development: Implications for UK Policy. Observations by the Minister for Overseas Development. First report from the Select Committee on Overseas Development Session 1975-76. Cmnd 6567. HMSO, 22p. ISBN 0 10 165670 X.

Onchocerciasis Fund Agreement. Cmnd 6527. HMSO, 50p. ISBN 0 10 165270 4.

Insurance. Insurance Business Annual Report 1975. HMSO, 95p. ISBN 0 11 511121 2.

Building Societies. The report (Part 2 – Building Societies) of the Chief Registrar of Friendly Societies, which contains statistical information and comment upon the activities of building societies and the work of the Registry in relation to them in 1975. HMSO, 80p. ISBN 0 11 600222 0.

May Day Bank Holiday. The May Day holiday (see p 229) in England, Wales and Northern Ireland will be taken on 1 May 1978. Arrangements in Scotland, where the first Monday in May is already observed as a bank holiday, are under separate consideration. Further statements will be made about the arrangements which will apply in 1979 and subsequent years. The Government will also make legislative provision for a holiday to be taken in lieu whenever a bank holiday or public holiday falls on a Saturday or Sunday where it is not already provided for under the Banking and Financial Dealings Act 1971. *Hansard,* 27.7.76, written answers, cols 161-2.

GATT Activities in 1975. General Agreement on Tariffs and Trade. Available through HMSO. £3.

Committee on Invisible Exports. Annual Report 1975-76. The report includes a detailed account of Britain's invisible earnings from overseas and shows that net private invisible receipts rose from £2,877 million in 1974 to £3,070 million in 1975. The report also shows that in 1973, the last year for which reliable global figures are available, Britain accounted for over 11 per cent of total world invisible receipts, second only to the United States of America whose share was nearly 22 per cent. Committee on Invisible Exports, 18th Floor, 23 Fenchurch Street, London EC3P 3ED.

Exports to OPEC countries. Information from the Organisation for Economic Co-operation and Development (OECD) shows that the value in US dollars of British exports to member countries of the Organisation of Petroleum Exporting Countries (OPEC) rose by 79·5 per cent in 1975, compared with the average of 61 per cent recorded by other member countries of the OECD. As a result, Britain's share of OECD exports to OPEC countries increased from 8·9 per cent in 1974 to 9·8 per cent in 1975; the proportion in 1975 varying from nearly 25 per cent in Nigeria, Qatar and the United Arab Emirates to just over 1 per cent in Gabon. *Trade and Industry*, 9.7.76. HMSO, 25p. ISBN 0 11 724582 8.

Export Credits. Provisional results indicate that exports insured by the Export Credits Guarantee Department (ECGD) in 1975-76 totalled £8,391 million, an increase of 28 per cent over 1974-75. ECGD press notice, 21.7.76.

An Introduction to predetermined motion time systems (PMTS). A guide designed to introduce managers, supervisors and trade unionists to the use of PMTS as a means of work measurement. Department of Employment. HMSO, £1·10. ISBN 0 11 361084 X.

Manpower Services Commission. Annual Report 1975-76. Available from the commission at Selkirk House, 166 High Holborn, London WC2.

Industrial Democracy: European Experience. Two reports prepared for the Industrial Democracy Committee (see p 321, 1975) by Eric Batstone and P. L. Davies. HMSO, £1·05. ISBN 0 11 511767 9.

Training for Vital Skills. A Consultative Document. Department of Employment and Manpower Services Commission. The document outlines as a basis for public discussion one way of easing shortages of skilled people through a new scheme of collective funding for training for selected occupations. Available from Department of Employment, Public Enquiry Office, 8 St James's Square, London SW1Y 4JB.

Price Commission. Report for the period 1 March to 31 May 1976. The report indicates that the underlying trend in the rate of inflation is still showing an improvement and that, excluding seasonal factors, it is now running at an annual rate of 13 or 14 per cent. The report adds that the next substantial reduction will come when the benefits of the second stage of the new pay policy (see pp 246-7, 282-3) work through into prices in the autumn and winter of 1976. HMSO, £1·20. ISBN 0 10 255176 6.

Price Commission. Report No 17. The Effect of Movements in the Price of Raw Materials on the Retail Price of Goods. HMSO, 80p. ISBN 0 11 700299 2.

Monopolies and Mergers Commission: four reports on restrictions on advertising by the legal professions in England and Wales and in Scotland. The commission concluded that restrictions on advertising by solicitors operate against the public interest and recommended that the current general prohibition on advertising and soliciting business should be terminated and that, with certain reservations, solicitors should be allowed to use such publicity as they might think fit. Although restrictions on advertising also applied to barristers and advocates and a monopoly situation existed, the commission concluded that this did not operate against the public interest. The Secretary of State for Prices and Consumer Protection, Mrs Shirley Williams, has agreed with the conclusions and has asked the Director General of Fair Trading, The Law Society and The Law Society of Scotland to discuss the introduction of new rules for advertising by solicitors. She has also asked the Director General to discuss with the Bar Council and the Faculty of Advocates possible means of improving the dissemination of information on barristers to solicitors [*Hansard*, 29.7.76, written answers, cols 320-4]. *Services for Solicitors in England and Wales,* House of Commons Paper 557. HMSO, £1·59. ISBN 0 10 255776 4. *Services of Solicitors in Scotland,* House of Commons Paper 558. HMSO, £1·24. ISBN 0 10 255876 0. *Barristers – Advertising Restrictions,* House of Commons Paper 559. HMSO, £1·14. ISBN 0 10 255976 7. *Advocates – Advertising Restrictions,* House of Commons Paper 560. HMSO, £1·04. ISBN 0 10 256076 5.

Monopolies and Mergers Commission. Barristers' Services: a report on the supply by Her Majesty's Counsel alone of their services. Advocates' Services: a report on the supply by Senior Counsel alone of their services. The commission's investigations were confined to agreements and practices relating to restrictions on the supply by Queen's Counsel (QCs) alone of their services in England and Wales and by Senior Counsel alone of their services in Scotland. These restrictions, generally known as the 'two-counsel' rule, constitute a monopoly, according to the reports, and should be abolished. The commission also concluded that the restrictions had a detrimental effect on the public interest. It recommended that for the future the decision that a QC or Senior Counsel required a junior for any particular case should be a matter for discussion between client, solicitor and counsel. The commission's recommendations have been accepted by the Secretary of State for Prices and Consumer Protection, Mrs Shirley Williams [*Hansard*, 7.7.76, written answers, cols 543-5] who has asked the Director General of Fair Trading to discuss them with the

relevant professional bodies in England and Wales and in Scotland. *Barristers' Services:* House of Commons Paper 512. HMSO, 85p. ISBN 0 10 251276 0. *Advocates' Services:* House of Commons Paper 513. HMSO, 85p. ISBN 0 10 251376 7.

Bankruptcy. 1975 Annual Report. Department of Trade. Receiving orders and administration orders increased by 1,490 in 1975 to total 6,698. The principal groups affected were the construction ndustry and retailers. HMSO, 65p. ISBN 0 11 511363 0.

Public Expenditure on Chrysler UK Ltd. Volume 1 – Report. Eighth Report from the Expenditure Committee Together with the Minutes of Evidence Taken Before the Trade and Industry Sub-Committee in Session 1975-76 and Appendices. HMSO, £1·80. ISBN 0 10 259676 X.

Increased Delegated Powers for Regional Offices. The Minister of State at the Department of Industry, Mr Alan Williams, announced in the House of Commons on 7 July that applications for selective financial assistance, under section 7 of the Industry Act 1972, involving up to £2 million could now be dealt with directly by the Department of Industry's offices in the Northern, North Western, and Yorkshire and Humberside regions. At present these offices may provide loans of up to £1 million. Corresponding increases in delegated financial limits on other forms of assistance, such as service industry removal grants, are also being made. The Minister stated that the new arrangements mean that the main English assisted area offices would now be able to handle in the regions nearly all straightforward cases which will assist the creation of employment. *Hansard,* 7.7.76, written answers, col 547.

Battery Electric Bus Project: Final Report. The report, by the Department of Industry, contains conclusions on the operational trials of the two battery electric buses which, between March 1972 and October 1974, were placed with 12 operators in 14 towns and cities. The report says that battery electric buses are likely to be more expensive to run, using conventional lead/acid batteries, than broadly equivalent diesel vehicles. But given improvements which may be feasible in a few years' time with more advanced battery technology, much better range and performance might be achieved, which could radically alter the market prospects. Available from Vehicles Division, Department of Industry, Room 729, Abell House, John Islip Street, London SW1P 4LN.

Motor Vehicles. COI, FSI/3.

Concorde. COI, Factel No 667.

Construction. COI, FSI/10.

Construction Forecasts 1976-77-78. Joint Forecasting Committee of the Building and Civil Engineering Economic Development Committees. Available on subscription only from HMSO, PO Box 569, London SE1. ISBN 0 11 700841 9.

Hotel Prospects to 1985 – Summary and Recommendations. Hotel and Catering Economic Development Committee. The report forecasts, among other things, that demand for accommodation from overseas visitors is likely to increase by about 66 per cent between 1973 and 1985, bringing their share of the total hotel market in Great Britain to 38 per cent. Available from Neddy Books, National Economic Development Office, Millbank Tower, Millbank, London SW1P 4QX. 40p. ISBN 0 792 0015 9.

New Planning Advice for Hypermarkets and Superstores. The Minister for Planning and Local Government, Mr John Silkin, announced in July that revised planning advice about large new stores is being issued in draft form as a consultation document to local authority, retail trade, consumer and other associations. The draft states that retailing developments which extend choice in shopping, allow more efficient retailing, enable a better service to be given to the public and make shopping more convenient and pleasant are, in general, to be welcomed. Mr Silkin said that when the consultations on the draft revision were complete, the Government would send a circular to local authorities conveying both the revised planning advice and the lessons that can be drawn, in terms of retailing efficiency and prices, from the experience of the stores already built. The Government had also decided to raise the level at which the Department of the Environment was to be notified of applications for planning permission for a store or shopping centre outside existing city, town or district centres from 50,000 square feet (4,650 square metres) or more gross floorspace to 100,000 square feet (9,300 square metres). Department of the Environment, press notice, 14.7.76.

Intervention Board for Agricultural Produce. Report for the Calendar Year 1975. The board administers in Britain the European Community's system of agricultural support under the common agricultural policy. The level of market prices in 1975 meant that there was little support buying, with the exception of skimmed milk powder. However, other functions of the board – for example the administration of the import/export regime – continued at a high level. Cmnd 6535. HMSO, £1·10. ISBN 0 10 165350 6.

Fisheries of Scotland. Report for 1975 (including Fisheries Research Report). Cmnd 6498. HMSO, 75p. ISBN 0 10 164980 0.

Electricity. Report of the Secretary of State for Energy for the year ended 31 March 1976. HMSO, 40p. ISBN 0 11 410281 3.

Geothermal Energy: The Case for Research in the United Kingdom. The prospects for developing geothermal energy in Britain are sufficiently favourable to warrant more detailed study in certain areas, according to this report prepared for the Department of Energy by the Energy Technology Support Unit and referred to on p 295 of Energy Paper No 9. Department of Energy. HMSO, £1·85. ISBN 0 11 410283 X. The Department of Energy is to initiate a three-year programme of geological and related studies. *Hansard,* 22.7.76. written answers, cols 586-7.

Oil from the UK Continental Shelf. Department of Energy Fact Sheet No 2. Available from the Library, Department of Energy, Thames House South, Millbank, London SW1P 4QJ. Free (limited).

North Sea Costs Escalation Study. Energy Paper No 7. Department of Energy. HMSO, £3·35. ISBN 0 11 410284 8.

Transport Statistics, Great Britain 1964-1974. A new annual statistical publication which contains a wide range of transport statistics. It replaces *Highway Statistics* and *Passenger Transport in Great Britain* and also includes statistics on inland waterways, shipping, civil aviation and international comparisons. Prepared and published by the Government Statistical Service. HMSO, £5·25. ISBN 0 11 550388 9.

Roads in England 1975-76. HMSO, £1·10. ISBN 0 10 252676 1.

The Offshore Energy Technology Board: strategy for research and development. Energy Paper No 8. Department of Energy. HMSO, 90p. ISBN 0 11 410286 4.

Hydraulics Research. Annual report for 1975 of the Hydraulics Research Station of the Department of the Environment. HMSO, £1·40. ISBN 0 11 470561 5.

Report of the Government Chemist, 1975. With publication of this report the Government Chemist is commemorating 100 years of food analysis. About a quarter of the work of the laboratory is devoted to the quality of food, including analyses of nutritional value; trace metal content, pesticide and other organic contaminant residues; and microbiological safety of processed foods. HMSO, £2·10. ISBN 0 11 511626 5.

Department of Health and Social Security (DHSS). Annual Report on Departmental Research and Development 1975. The report gives a total estimated expenditure for 1975-76 of DHSS on research and development of £25·726 million, of which £8·128 million was allocated for commissions in the Medical Research Council and £5·8 million for research units and commissions in universities and other institutions. HMSO, 95p. ISBN 0 11 320189 3.

Persons with Qualifications in Engineering Technology and Science. Compiled for the Department of Industry by the Office of Population Censuses and Surveys from the returns made in the 1971 Census of Population. Great Britain. HMSO, £7·50. ISBN 0 11 511755 5.

Britain and the European Patent System. COI, SN6010.

Effects of Airborne Sulphur Compounds on Forests and Freshwaters. Report of the Discussion Group of the Department of the Environment and the Natural Environment Research Council. Central Unit of Environmental Pollution of the Department of the Environment. Pollution Paper No 7. HMSO, 65p. ISBN 0 11 751066 1.

National Survey of Air Pollution 1961-71. Volume 5. Scotland, Northern Ireland. Accuracy of Data, Index. HMSO. £8. ISBN 0 11 511646 X*.

Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Korea for the Promotion and Protection of Investments (with exchange of Notes extending the Agreement to Hong Kong). Cmnd 6510. HMSO, 30p. ISBN 0 10 165100 7.

Social and Cultural Affairs

Data Protection Committee. Sir Norman Lindop has been appointed chairman of the Data Protection Committee which is preparing the way for the setting up of permanent machinery to oversee the use of computers which handle personal information (see p 38). *Hansard*, 24.6.76, written answers, col 578.

Criminal Statistics: England and Wales 1975. Home Office. Cmnd 6566. HMSO, £5·50. ISBN 0 10 165660 2.

Report on the Work of the Prison Department 1975. Home Office. Cmnd 6523. HMSO, £1·40. ISBN 0 10 165230 5.

Report on the Work of the Prison Department 1975: Statistical Tables. Home Office. Cmnd 6542. HMSO, £1·25. ISBN 0 10 165420 0.

Department of Health and Social Security. Annual Report 1975. Cmnd 6565. HMSO, £1·40. ISBN 0 10 165650 5.

Health Services in Scotland: Report for 1975. Scottish Home and Health Department. Cmnd 6506. HMSO, £1·35. ISBN 0 10 165060 4.

Report of the Health Service Commissioner: Annual Report for 1975-76. Some 610 complaints about the National Health Service in England, Scotland and Wales were dealt with by the commissioner; 360 complaints were rejected as outside his jurisdiction, 105 were carried forward to 1976-77, and 17 were discontinued and withdrawn after partial investigation. Of a total of 128 completed investigations, the complainant was upheld in whole or in part in 67 cases. HMSO, 75p. ISBN 0 10 252876 4.

Children in Care in England and Wales: March 1975. An annual report giving details of the number of children in local authority care and those in voluntary homes or boarded out by voluntary organisations. It also contains information about their accommodation. HMSO, 35p. ISBN 0 10 259576 3.

Annual Report for 1975 of the Medicines Commission. Also contains the reports of the Committee on Safety of Medicines, the Veterinary Products Committee, the British Pharmacopoeia Commission and the Committee on the Review of Medicines.

In addition there is a memorandum on the control of medicines prepared by the Medicines Division of the Department of Health and Social Security. HMSO, £1·05. ISBN 0 10 257276 3.

First Report from the Select Committee on Abortion, Session 1975-76. Volume I: Report. Contains recommendations concerning the working and amendment of the Abortion Act 1967. Evidence given to the committee will be published separately. HMSO, 75p. ISBN 0 10 297476 4.

Manpower and Training for the Social Services. The report of a working party set up in 1974 to consider the need for trained manpower in the personal socia services. It calls for a substantial improvement in training for social workers, but the Department of Health and Social Security stresses that no increase in the overall total of local authority current expenditure can be approved over the next few years in view of present economic circumstances. Department of Health and Social Security. HMSO, £2. ISBN 0 11 320221 0.

Statistics of Education, England and Wales, 1974. Volume 2, School Leavers CSE and GCE. HMSO, £3·85. ISBN 0 11 270428 X.

Higher Education in the United Kingdom 1976-78. A handbook for students from overseas and their advisers. Published for the British Council and the Association of Commonwealth Universities by Longman Group Ltd. £2·50. ISBN 0 582 01260 0.

William Tyndale Junior and Infants Schools Public Inquiry. Report to the Inner London Education Authority by Mr Robin Auld, QC. Available from the Greater London Council Bookshop, Westminster Bridge Road, London SE1 7PB. £3. ISBN 0 7085 0015 3.

Youth Service Forum. The Government has proposed that a consultative body should be established as a central forum for the consideration of national policies for the youth service. It would advise central and local government and youth organisations, and would encourage the participation of young people in the planning of a service appropriate to their needs. If agreement can be reached on the details, it is hoped that the forum might hold its first meeting by the end of the year. *Hansard*, 12.7.76, written answers, col 39.

Equal Opportunities for Women in Britain. COI, SN6009.

Commission for Racial Equality. The Home Secretary announced in a parliamentary written answer that Mr David Lane, Conservative member of Parliament for Cambridge, had accepted his invitation to become Chairman of the Commission for Racial Equality to be set up under the Race Relations Bill at present before Parliament (see pp 183-4). It was originally proposed that the commission should be known as the Race Relations Commission but its name was changed in an amendment to the Bill. *Hansard*, 29.7.76, written answers, col 342.

Housing Corporation Report and Accounts for the Year ended 31 March 1976. HMSO, £2. ISBN 0 901 45422 2.

Housing Research. A new programme of regular forecasting and monitoring of trends in housing and in local government finance has been set up by the Secretary of State for the Environment and will be carried out by the Centre for Environmental Studies (an independent body formed in 1967 to carry out research into problems connected with urban and regional studies). The results of the work will be published in a twice-yearly 'review'. Department of the Environment press notice, 14.7.76.

The Countryside – Problems and Policies. A discussion paper published by the Department of the Environment, summarising the major areas of potential conflict in countryside policy and designed to initiate a wide public exchange of views before any decisions on policy are taken. HMSO, 55p. ISBN 0 11 751104 8.

Countryside Commission – Eighth Annual Report 1974-75. HMSO, £1·10. ISBN 0 10 255076 X.

Countryside Commission for Scotland. Report for 1975. HMSO, £1·75. ISBN 0 90 222630 4.

Ancient Monuments Board for England – Twenty-second Annual Report, 1975. During 1975 the board recommended that 321 monuments, including 37 industrial monuments, should be scheduled for preservation. The report includes a summary of the work of the board's Committee for Rescue Archaeology, set up in 1974, and an appendix contains a note by the Chief Inspector of Ancient Monuments and Historic Buildings on the role of archaeology in the total process of preserving and recording archaeological evidence. HMSO, 45p. ISBN 0 10 243076 4.

Historic Buildings in London. An illustrated inventory, compiled by the Greater London Council, of the buildings of special architectural and historic interest in its care; together with an introductory essay tracing the history of the council's pioneering work in conservation. Academy Editions, London, in co-operation with the Greater London Council. £6·95 (cloth). ISBN 0 85670 208 0. £3·95 (paper). ISBN 0 85670 213 7.

Home Sweet Home. An illustrated survey of housing designed by architects of the London County Council and the Greater London Council between 1888 and 1975. Academy Editions, London, in co-operation with the Greater London Council. £6·95 (cloth). ISBN 0 85670 276 5. £3·95 (paper). ISBN 0 85670 271 4.

The Local Amenity Movement. Describes the results of a survey of the traditional way people in Britain join together to shape their neighbourhoods and influence planning for the better. Civic Trust, 17 Carlton House Terrace, London SW1Y 5AW. 80p. ISBN 0 900849 83 5.

Education and Heritage. A report on the significance and outcome of European Architectural Heritage Year in English education (by K. V. Bailey). Civic Trust, 17 Carlton House Terrace, London SW1Y 5AW. £1·50. ISBN 0 900849 84 3.

Sport and Recreation in Britain. COI, R4296.

The British Press. COI, R5572.

The Royal Opera House Covent Garden. COI, SN6007.

Film Industry. An interim action committee is to be set up, under the chairmanship of Sir Harold Wilson, to give further consideration to the proposals contained in the Report of the Working Party on the Future of the British Film Industry (see pp 95 and 263). The committee will 'consult with the industry through its representative bodies and associations, and advise the Secretary of State for Trade and other ministers and public bodies as appropriate in the achievement of a viable and prosperous British film industry over the next decade'. *Hansard,* 22.7.76, written answers, cols 538-9.

National Film Development Fund. A fund has been established to provide loans for script-writing and other pre-production costs of British films. Set up under the terms of the Cinematograph Films Act 1975 (see p 7, 1976), the fund will receive an initial payment of £200,000 from the British Film Fund Agency (which is financed by a levy on cinema admissions) and will be administered by the National Film Finance Corporation (which lends money for feature film production through a consortium formed with private interests). Department of Trade press notice, 19.7.76.

Support for the Arts in England and Wales. A report to the Calouste Gulbenkian Foundation by Lord Redcliffe-Maud. Calouste Gulbenkian Foundation, 98 Portland Place, London W1N 4ET. £1·50. ISBN 0 903319 06 3.

Gulbenkian 1976. Twentieth annual report of the United Kingdom and Commonwealth Branch of the Calouste Gulbenkian Foundation. Obtainable free from the foundation, 98 Portland Place, London W1N 4ET. ISBN 0 0306 5391.

Free Festivals. First report of the Working Group on Pop Festivals. HMSO, 65p. ISBN 0 11 751062 9.

Report of the Working Party on Dogs. The Government working party's recommendations include the raising of the annual dog licence from 37½p to £5 and an effective dog warden scheme. HMSO, 65p. ISBN 0 11 751116 1.

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